

Algeria	6.00 Dhs.	Iceland	15.00 D.	Norway	—
Austria	7.5	Italy	12.00 Lire	Norway	—
Bahrain	0.650 Dm	Jordan	4.65 Frs	Portugal	—
Belgium	37.87 F.	Kuwait	5.40 D.	Croatia	—
Canada	1.16	Kuwait	5.00 D.	Saudi Arabia	—
Ceylon	5.25	Liberia	8.40 D.	Spain	9.00 P.
Danmark	7.00 D.	Liberia	8.40 D.	Saudi Arabia	—
Egypt	100 P.	Liberia	8.40 D.	Spain	9.00 P.
Finland	4.00 FR.	Lebanon	—	Saudi Arabia	—
France	2.00 F.	Lebanon	—	Sweden	6.00 D.
Germany	2.00 D.	Lebanon	—	Turkey	—
Greece	—	Morocco	—	U.S.A.	—
Iraq	115 Dhs.	Netherlands	2.50 Dhs.	U.S.A.	—
Niger	170 K.	Nigeria	—	U.S.A.	—
Iron	—	Yemen	—	Yemen	7.0 D.

Israel Attacks Arafat Forces As PLO Chief Prepares Pullout

By Joseph B. Treaster
New York Times Service

TRIPOLI, Lebanon — Israeli gunboats and helicopters on Friday attacked Palestinian positions in Tripoli, and Yasser Arafat, chairman of the Palestine Liberation Organization, appealed to the United Nations for security guarantees on the sea lanes.

The PLO leader also asked France and Greece to send their escort for the ships that are to

take Mr. Arafat and his men out of Tripoli possibly next week.

Ahmed Abdel-Rahman, one of Mr. Arafat's senior aides, said the Israeli attack early Friday morning against a lightly manned coastal position had put "an obstacle in the face of our withdrawal, so we are asking for new measures to protect our withdrawal."

Mr. Arafat said he was continuing with plans for his departure and indicated he did not believe the Israeli attack would cause significant delays.

OPEC: A Relative Peace Ministers Manage to Avoid Price Cuts, Quota Changes and Public Bickering

By Bob Hagerty
International Herald Tribune

GENEVA — The Organization of Petroleum Exporting Countries met here for four days this week and decided to leave bad enough alone.

Oil ministers from the 13 OPEC nations did not change their prices. They did not adjust their production quotas. They did not solve the internal squabbles that have weakened the organization for years. In a minor triumph, however, they also avoided bickering in public.

Last January another OPEC meeting in Geneva ended with Sheikh Ahmed Zaki Yamani, the Saudi oil minister, storming out and telling journalists that the exercise had been a "complete failure." Two months later, weak demand led OPEC to make the first price cut in its 23-year history, reducing the benchmark to \$29 from \$34.

This week's meetings, which came amid renewed pressure for price cuts, were far less acrimonious. Even the Iranians, sometimes given to fiery rhetoric, seemed conciliatory.

Mohammed Gharazi, the Iranian oil minister, was asked Friday whether he believed the Saudis would help prop up prices by keeping their production down.

"We hope that God helps them to keep their promises," a grinning Mr. Gharazi said through a translator.

The relative peace does not remove the threat that OPEC will have to make new price cuts. But some OPEC observers said it would help the group's cause.

"It's at least going to contribute something to stability," said Jim Tanner, editor of Petroleum Information International, who described himself as amazed by the relaxed atmosphere of the meeting.

The show of unity appears to reflect a realization that OPEC cannot afford to squabble as much as it has in the past.

"Two years ago, three years ago, life was easy," Kamal Hassan Magur, Libya's oil minister and OPEC's new president, said in an interview Friday. "Now it becomes a very serious business to be an oil minister."

Whether oil prices fall again next year depends largely on events outside OPEC's control. Among them are the weather, which determines demand for heating oil, and the strength of the economic recovery. OPEC, which accounts for only about one-third of oil sales in the non-Communist world, no longer has the predominating influence it held in the 1970s.

The next test of OPEC's resolve is likely to come this month. Britain, which is not a member of OPEC, is under pressure from some of its customers to cut prices in the first quarter of 1984.

The most widely traded crude from the British North Sea, Brent, was quoted Friday on the spot market at \$28.55, up 10 cents from mid-week, according to Platts' Oilgram. The official selling price is \$30.

A British price cut would place severe pressure on Nigeria, whose crude competes directly with that of Britain. Some traders predict a

return of last winter's events: A British price cut prompted Nigeria to cut its prices without waiting for OPEC's blessing.

To alleviate the pressure for price reductions, OPEC needs to improve its credibility as an organization.

NEWS ANALYSIS

zation capable of limiting the production of its members, some of which are desperate for more export income.

OPEC chose to paper over its long-standing disagreements at this week's meeting. Saudi Arabia says it wants to keep prices at the present levels at least through the end of 1983; other members want to push for price increases as soon as possible.

In addition, the Saudis still refuse to commit themselves explicitly in a production ceiling; the agreement implies that they will produce no more than five million barrels daily. And the ministers again failed to choose among four rival candidates to preside as secretary-general over OPEC's secretariat in Vienna. The post has been vacant for nearly six months.

These differences are likely to continue to impair OPEC's influence over the market, but the outcome of the group that were written last winter have proved premature.

Alirio Parra, a Venezuelan who is one of the four candidates to be OPEC secretary-general, said Friday: "Expectations of a permanently weakened and disabled OPEC must be treated with skepticism."

Greeks Ask for Guarantees

Greece has asked the multinational peacekeeping force in Lebanon to guarantee the safety of 4,000 PLO fighters during their planned departure from Tripoli aboard Greek passenger ferries. The Associated Press reported from Athens.

The accounts of the attack and the Palestinian response varied widely. Some witnesses said the Israeli fired only about 20 shells from naval guns and that the attack lasted only a few minutes. Others said the Israeli guns fired for about an hour and delivered hundreds of shells.

Mr. Rahman said one Palestinian soldier was killed and three were wounded. Later, Mr. Arafat said three soldiers had been killed and four wounded.

■ Israel's Comment on Attack

An Israeli official said the Tripoli operation "should not be seen in the context of Israeli preparations to prevent Arafat leaving," Reuters reported from Tel Aviv.

It was the first Israeli naval attack on the PLO since last year's Lebanon war. Western diplomats had said it underlined Israel's capability to disrupt the planned evacuation of Mr. Arafat's 4,000-strong forces from Tripoli.

■ Greeks Ask for Guarantees

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Danuta Walesa, and her son Bogdan, 13, were welcomed Friday at Oslo airport by Egil Aarvik, the chairman of a Nobel prize committee, when they arrived from Warsaw.

'A Little Bit Afraid,' Danuta Walesa Arrives in Oslo for Nobel Ceremonies

By Peter Osnos
Washington Post Service

little bit afraid" as reporters bombarded her with questions for more than an hour.

Describing herself as "just a mother of children" and "basically a kitchen manager," she avoided making political statements. But whatever flak she may have felt, Mrs. Walesa handled the session with aplomb.

The prize, she said, was a "great joy for Poland" but its only effect on the Walesa family has been a "few more headaches, less time for my children."

She will accept the Nobel award at a ceremony Saturday and make a short statement of thanks written by her husband. He has also written a Nobel lecture that will be read Sunday by a Solidarity activist killed in the West. Mrs. Walesa has been a "great joy for Poland" but its only effect on the Walesa family has been a "few more headaches, less time for my children."

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In her remarks, Mrs. Walesa sounded a similar theme, saying that she had not anticipated "how important the prize would be for Poland."

At home, Mrs. Walesa has been a stabilizing force for her family since her husband was transformed in 1980 from an electrician in the Gdańsk shipyard into the leader of the strongest popular movement in kind in the history of Communist Europe.

Mrs. Walesa and Bogdan are staying in a suite at Oslo's Grand Hotel. In the morning they will be received by King Olav V, and in the evening they will be feted at a banquet. She will not meet with members of the Norwegian government.

According to Jakob Sverdrup, director of the Nobel Institute, the peace prize for Mr. Walesa has been one of the most publicly acclaimed in the history of the awards.

"This award was not a political provocation," Mr. Sverdrup said. "We hope that it can contribute to developments that will lead to a better life for all Poles."

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At the same time, the alliance urged the Soviet Union to return to the weapons negotiations and said all its foreign ministers would be present in Stockholm in mid-January for an East-West conference on confidence-building measures and disarmament.

U.S. Sues Shell for Colorado Pollution

By Mary Thornton
Washington Post Service

WASHINGTON — The Justice Department on Friday sued Shell Oil Co. for nearly \$1.9 billion to pay for cleaning up dangerous chemical pollution on lands the company leases at the U.S. Army's Rocky Mountain Arsenal near Denver.

The lawsuit, described by Assistant Attorney General F. Henry Habicht 20 as the largest ever filed by "any federal agency that seeks damages for natural resources," was filed in U.S. District Court in Denver at the request of the army.

T.R. Williams, Shell's manufacturing and environmental conservation manager, said the company would "vigorously oppose" the lawsuit and that the \$1.9 billion figure was higher than would be justified by any studies at the site. He added that the army owned and operated the waste disposal facilities at the Arsenal.

Bill Lafield, Shell's manager of public relations, said the company did not deny responsibility for some chemical contamination at the site, which he said had a chemical plant used to produce agricultural pesticides and herbicides.

He said, "Obviously we were there, and some of the contamination is obviously ours." He said Shell had been working with the army for some time "to develop a plan for cleanup."

The government said some chemicals are "extremely toxic and hazardous to human, plant and animal life" and that they have been spilled, leaked, pumped, poured, dumped and released into the environment, "including the air, land, ground water and surface waters, on and off Shell's leased property on the Arsenal."

In addition to the problem of chemical pollution on the lands leased by Shell, the problem of assessing responsibility has been complicated because the army has (Continued on Page 2, Col. 4)

Space Shuttle And Crew Get Examination

United Press International

EDWARDS AIR FORCE BASE, California — After a landing delayed by computer problems, the space shuttle Columbia was inspected Friday and four of its six astronauts began a weeklong battery of tests to see how well their bodies re-adapt to gravity after 10 days in weightless orbit.

In addition to the routine checks, engineers were examining Columbia to look for possible sources of the creaks and groans reported by the pilots in orbit during thermal testing, a spokesman for the National Aeronautics and Space Administration said.

Columbia, carrying the new \$1-billion European Space station and a collection of research results, glided to a smooth landing Thursday in the setting desert sun here after an eight-hour delay caused by baffling computer problems.

In addition to the routine checks, engineers were examining Columbia to look for possible sources of the creaks and groans reported by the pilots in orbit during thermal testing, a spokesman for the National Aeronautics and Space Administration said.

Commander John W. Young and the pilot, Major Brewster H. Shaw, planned in fly back to the Johnson Space Center in Houston later Friday. But Robert Parker, Owen K. Garriott, Byron K. Lichtenberg and Ulf Merbold, a West German, were to remain at the Edwards Air Force Base for the follow-up medical exams.

Scientists want to find out how weightlessness affects the body and, particularly, what causes space motion sickness, which afflicts about 40 percent of astronauts during the first few days in orbit.

The mission produced data from 72 experiments submitted by scientists from 14 nations, and congratulations poured in from around the world. Leaders of Belgium, the Netherlands, Austria, Canada and France praised the crew.

President Ronald Reagan said the expedition proves "there's never a time when we should stop dreaming."

Dr. Burton Edelson, associate administrator for space science and applications, said: "We have gained a wealth of knowledge that we don't believe the Soviets have even touched. I think this particular mission has put us very far ahead."

The mission went smoothly because the electronic problems on the last day, five hours before the original touchdown time, a double



Joseph Luns, who resigns next summer as head of NATO, at a press conference Friday.

Shultz Pledges That U.S. Will Consult With U.K. on Arms Sales to Argentina

Compiled by Our Staff From Dispatches

BRUSSELS — Secretary of State George P. Shultz pledged Friday to consult with Britain before selling arms to Argentina.

Argentine's civilian president-elect, Raúl Alfonsín, will be inaugurated Saturday, replacing the military junta that has ruled for seven years.

Mrs. Thatcher denied reports in British newspapers that said relations were strained because of Mr. Reagan's action on Argentina, as well as over U.S. economic policy, which she criticized acidly in the House of Commons on Thursday.

The prime minister, speaking at the opening of a new office building in London, said the press reports contradicted the "warm and friendly discussion" she had Thursday evening with the U.S. treasury secretary, Donald T. Regan.

"It is with friends that you can talk frankly, never with rancor, always with friendliness, always with understanding," she said. "That's the way it is between Britain and the United States. That's the way it will continue to be."

In the House of Commons, Ray Whitney, a junior Foreign Office minister, said the U.S. treasury "was not sprung on us." He web-

In New Signal, West Offers East Long-Term Ties

NATO to Upgrade Participation at Stockholm Talks

By John Vinocur
New York Times Service

BRUSSELS — The Atlantic alliance Friday offered the Soviet Union and the Warsaw Pact the prospect of a long-term relationship, based on realism and moderation, that the allies said could build a peaceful future for the world.

In a statement officially described as an "important political signal," the alliance members addressed the Soviet Union as a potential partner and asserted: "For the benefit of mankind, we advocate an open, comprehensive political dialogue, as well as cooperation based on mutual advantage."

U.S. and Soviet Scientists Agree That Nuclear War Could Destroy Mankind

By Philip Shabecoff

New York Times Service

WASHINGTON — A group of Soviet and U.S. scientists have agreed that a large-scale nuclear exchange could mean the extinction of the human race.

Four Soviet and four American scientists, participating in a forum sponsored by proponents of a nuclear freeze, said Thursday they based their assessment on emerging data about the probable climatic, biological and environmental effects of a nuclear war.

They also agreed that the new evidence made it clear a nuclear attack would be suicide for the nation that launched it, even if there was no retaliatory strike.

The forum, held in the Senate Caucus Room, was called by Senators Edward M. Kennedy, Democrat of Massachusetts, and Mark O. Hatfield, an Oregon Republican.

The Soviet scientists said their own studies confirmed recently published American findings that an exchange using only a small fraction of existing warheads would produce a "nuclear winter" in which smoke and soot would obscure sunlight; temperatures would plunge to below freezing levels even in summer; crops and other ecological systems would be wiped out; radiation would be several times more intense than previously estimated and, when the sun lifted, ultraviolet rays from the sun would reach untenable levels.

The Russians said their research indicated additional catastrophic consequences, including the creation of a global "toxic smog," unchecked biological epidemics, a substantial depletion of the Earth's oxygen supply, and the probable

shattering of the interconnecting web of systems that sustain life on the planet.

All eight scientists said the new evidence made it imperative that the superpowers freeze construction of new nuclear weapons and begin reducing their existing stocks.

Sergei Kapitza, professor of physics at the Moscow Physico-Technical Institute, said that until now the idea of nuclear arsenals as a deterrent to nuclear war made some sense as a "tacit mutual hostage arrangement between the opposing nuclear powers."

"Now," he said, "the whole of the Earth and human civilization itself are held hostage." Any growth of nuclear arsenals could only erode security and stability, he added, not only for the nuclear powers but for every country on Earth.

Lewis Thomas, chancellor of the Memorial Sloan-Kettering Cancer Center, said the new American findings had been upheld after review by other scientists and "change everything in the world about the prospect of thermonuclear warfare."

In the past, war, including thermonuclear war, was thought of as a way to achieve territorial or ideological dominance, he said: "Now, with the new findings before us, it is clear than any territory gained will be, in the end, a barren wasteland."

Both the Soviet and American scientists said civil defense measures and technology that envisioned countering nuclear missiles with laser weapons could not conceivably prevent the destruction of a nuclear war and that entertaining such ideas could be dangerously destabilizing.

The Russians said their research indicated additional catastrophic consequences, including the creation of a global "toxic smog," unchecked biological epidemics, a substantial depletion of the Earth's oxygen supply, and the probable



Attending the Soviet-American forum on nuclear war that was held in Washington on Thursday were, from left, Senator Mark O. Hatfield, three Soviet scientists, Vladimir Alexandrov, Alexander Pavlov and Yevgeny Velikhov, and Senator Edward M. Kennedy.

U.S. Naval Readiness Called Deficient Due to Misplaced Spending Priorities

By Richard Halloran

New York Times Service

WASHINGTON — Despite three years of rapidly rising budgets, the navy is far from ready to deploy fully armed and equipped aircraft carriers and air wings in the event of war, a confidential report by the General Accounting Office says.

The office, a congressional investigative agency, said the main reason was that the navy spent too much money on new ships and planes in the last three years and not enough on maintenance, fuel, ammunition and support equipment.

In response to the report, the navy said it had been trying for two years to overcome the effects of 15 years of inadequate allocations and was beginning to move closer to its desired state of readiness.

The accounting office report said that in two months after a war started only eight of the navy's 14 carriers could be put to sea ready for battle. It said those carriers could be deployed only by stripping shore bases of weapons and equipment.

The navy is required to have eight carriers ready for battle 33 days after the outbreak of a war and 12 ready in 44 days, the report said. In peacetime, the navy usually has five carriers in the Atlantic, Mediterranean, Indian and Pacific Oceans.

The report said that fewer than 60 percent of the navy's tactical carrier aircraft were ready for combat on any given day. Minimum requirements call for 70 percent to be ready.

Moreover, the rates of readiness

figured by the navy were inaccurate and inflated, the accounting office contended. Some aircraft that should have been counted were excluded and others were rated ready for combat even though they were able to fly but not to fight.

The secretary of the navy, John Lehman Jr., vigorously disputed the implication that readiness was not a prime concern. Mr. Lehman, in an interview, said of the situation when he took office three years ago: "We had very serious readiness problems through 13 years of underfunding. This day I was sworn in, we had 470 ships and we could not fill the magazines in those ships once never mind reloads."

The secretary asserted that the navy had made a "fundamental allocation decision in the naval recovery program to make what we have fully ready." He said spare parts, support equipment and other items of readiness had taken more than two years to make and deliver. He said the navy was starting to recover and would continue if Congress voted the appropriations it requested for the next five years.

Secretary Lehman said the figure for eight carriers ready for service in wartime was correct, adding, "But it was six when we came in." He asserted that readiness ratings for aircraft had also increased in the last three years.

In its report, which was completed late last summer, the General Accounting Office said that appropriations to buy new aircraft rose 6 percent, to \$1.2 billion, from 1980 to 1983 as the navy bought F-14 Tomcat fighters to replace outdated F-4 Phantoms and began buying F-18 Hornets to replace A-7 Corsairs.

At the same time, however, the operation and maintenance budget for aviation rose only 10.4 percent, to \$4.6 billion. The Atlantic fleet, for instance, reported severe shortages of air-to-air missiles, kits for laser-guided bombs and air-ground missiles.

The investigative agency, which submitted the report to the House Government Operations Committee in a closed hearing last month, said the navy had begun to correct the imbalance but, with current budget trends, it would not be rectified until 1988 or 1990.

The accounting office recommended that Congress scrutinize the 1983 navy budget, which will be submitted with the rest of the federal budget in late January.

The report omitted saying, however, that all navy budgets are approved by Congress, which has often cut readiness funds in favor of purchases that will cause money to be spent in the electoral districts of key members of Congress.

More immediately, the investigative agency's report meant that the navy would be hard pressed to have carriers ready for several crises at the same time. Two carriers are now deployed off Lebanon and others are occasionally sent to the Caribbean for a show of force.

In the first quarter of this year, according to calculations by the GAO, the navy's carriers were rated fully ready only 6 percent of the time. They were rated substantially ready 40 percent of the days in the quarter, and marginally ready 7 percent.

They were rated unfit for combat 15 percent of the time. The remainder of the days were for carriers in overhaul.

Domestic Opponents of Sandinists Skeptical of Plans for Conciliation

By Loren Jenkins
Washington Post Service

MANAGUA — Opponents of the ruling Sandinists have greeted the government's new campaign of national conciliation as a welcome "first step," but remain skeptical of its ultimate commitment to democracy.

ruined by those in power as it is now," said Sergio Roa, a member of the union's executive. "To have a real democratization we must have the full participation of the people in the process, and that has not yet occurred."

The Sandinists' answer to the critics who have opposed their policies since they came to power in 1979 is that as the country moves toward organizing national elections in 1985, more freedoms will be allowed so that "all political forces" in the country will have a voice in its destiny.

Talks with private businessmen, members of the small opposition political parties, priests of the dominant Roman Catholic Church, liberal journalists and independent unionists have indicated guarded optimism about the government's recent steps.

But like the Reagan administration in Washington, members of the domestic opposition express doubts about the government's good faith in creating a truly pluralistic political system that would guarantee the human and political rights of all the country's three million citizens.

"There definitely has been an opening of the government toward the private sector, the church, the press, the political parties," said a leading businessman who asked that his name not be published. "But there are two basic problems that temper our feelings about them."

"First, there is a general lack of credibility in the Nicaraguan government by the dissidents, based on past promises that have been broken," he said. "Then, we don't really know yet how deep the opening is going to be."

Officials of the Nicaraguan Workers Congress, the country's largest independent trade union, on Thursday hailed the government's announcement of plans for an election but insisted that it must guarantee full political and personal liberty and democratize its social and economic policies.

"For the democratization of the country to be effective, the democratization cannot just be deter-

mined by those in power as it is now," said President Raúl Alfonsín in Argentina this weekend.

Few here deny that the Sandinists have made some moves to seek an accommodation with their critics. Perhaps the most significant has been the relaxation of censorship of La Prensa, the country's only independent newspaper.

The newspaper's editor, Joaquín Chamorro Jr., who is probably the Sandinists' most persistent critic at home, is quick to point out that censorship has not been lifted, just relaxed. Nevertheless, he says, while as recently as a few months ago the censors disallowed an average of 40 percent of all news items he submitted to them, now they can only about 10 percent — most of them irrelevant.

"There is no denying these are changes, serious changes," Mr. Chamorro said. "But there is still a lot to go."

The Catholic church, probably the best-organized counterweight to Sandinist power in Nicaragua, also acknowledges a new mood in the government but questions its ultimate willingness to democratize despite the recent peace overtures. "It is true that the government recently met to discuss its problems with the church hierarchy last month," said one priest close to Archbishop Miguel Obando Bravo. "But what we had was not a real dialogue, just an exchange of views. It was better than what we had before, but it was still not enough to convince that the government is really ready to change its attitude."

■ Guerrilla Defeat Alleged

Stephen Kinzer of The New York Times reported from Managua:

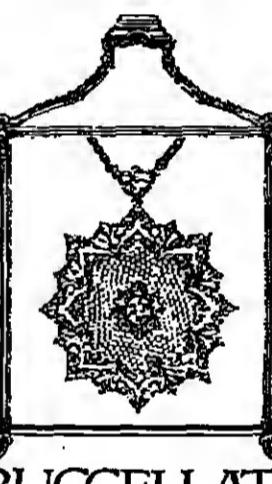
Defense Minister Humberto Ortega Saavedra said Wednesday that Sandinist forces had defeated a series of counterrevolutionary guerrillas fighting them from bases in Honduras and Costa Rica.

To appease their international critics, especially in Washington, the Sandinists have also made a series of concrete proposals for regional peace treaties that would limit foreign advisers and military bases, curb the arms race among Central American nations, regulate economic and trade relations in the area and guarantee the noninterference of each nation in others' internal affairs.

These moves have also been accompanied by new calls for a dialogue with Washington to defuse a growing sense of crisis that many Sandinists fear could result in a military conflict.

Nicaragua has quietly proposed a meeting between Daniel Ortega Saavedra, coordinator of the Sandinists' nine-member supreme directorate, and Vice President George Bush at the inauguration of

A leader of the rebel guerrillas, Adolfo Calero Portocarrero of the Nicaraguan Democratic Force, said Thursday in a telephone interview from Miami that rebels had not tried to seize a "liberated area" in November but that such a project remained an option.



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AMERICAN TOPICS

Helping America Pay Its Creditors

Americans uneasy about the size of the national debt can do something about it — they can send in contributions to the U.S. Treasury to whittle it down, says the recently formed Citizens for a Debt Free America. The national coordinator of the group, Kay M. Fishburn, hopes that donations will make up the slack after 1986, when a wealthy Texan's trust, that channels interest on \$20 million to pay off the national debt comes to an end. A law passed after the trust was bequeathed to the United States in 1961 allows the Treasury to accept debt-reduction contributions, which are income-tax deductible. Last year, citizens chipped in \$901,000. They have a way to go, though, with the national debt now standing at more than \$1.38 trillion.

Sills Is Lyrical On Opera Rescue

Back in August, with the New York City Opera's orchestra on strike and its season's opening postponed, General Director Beverly Sills said she was "seriously concerned about the future existence of the NYCO." But this month a beaming Miss Sills announced that the financially troubled opera company had received \$12 million in pledges, an amount that will give the company security over its next few seasons. "I can't think of a better Christmas present or a more wonderful beginning to our 40th birthday year," said Miss Sills as she announced a \$3-million grant from the Samuels Foundation of New York City. The grant was matched three to one with pledges of \$9 million in private contributions.

Medal Production Has a Good Year

The U.S. military involvement in Lebanon and Grenada has triggered the award of the largest number of medals and campaign ribbons authorized since the Vietnam War. Several thousand marines and other naval personnel who have served in the Lebanese operation have been awarded the Expeditionary Medal. For Grenada service, the army has awarded the Combat Infantryman's Badge to members of the 82d Airborne Division and the two 75th Ranger battalions involved in the island assault.

FBI Adds Its Team To 1984 Olympics

Getting ready for the 1984 Olympics in Los Angeles, the FBI is training a secret "hostage rescue team" for standby service against terrorist attacks. Director William H. Webster described the unarmed team members as "competent to deal with terrorists in protecting officials, athletes and foreign visitors who could fall into a hostage situation."

Alamo Face-Lift Causes Grimace

The Daughters of the Texas Republic have drawn the fine and are opposing a plan by a

4-Point Plan Proposed To Improve U.S. Schools

New York Times Service

INDIANAPOLIS — The secretary of education, Terrel H. Bell, declaring that mediocre education "saps the strength and vitality of the nation," has urged the 50 states to adopt a four-point program to improve their schools.

In an address to 2,300 educators and political leaders Thursday, Mr. Bell set up these "performance goals" to be achieved over the next four years:

• All high school students should be required to take at least 13 courses English, mathematics, science and social studies and to pass examinations in each area.

• Educators should strive to raise average scores on the Scholastic Aptitude Test to the level that prevailed in 1965.

• The high school dropout rate should be reduced to no more than 10 percent.

• Teacher salaries should be reshaped to include not only higher pay but also performance incentives that would put the salaries of the most outstanding teachers within 5 percent parity of school administrators.

Mr. Bell made his proposals at the final session of the three-day National Forum on Excellence in Education, which he convened as a means of promoting the changes called for in April by the National Commission on Excellence in Education.

Participants included governors, members of Congress, school board members, school administrators, teachers and students.

The theme of higher standards was also sounded by President Ronald Reagan in the concluding address. He asserted that spending on education increased drastically in the past 10 years, even as educational standards had declined. "If money alone were the answer, the problem would have been shrinking, not growing," he said.

"American schools don't need vast new sums of money as much as they need a few fundamental reforms," he added.

Education Department officials have said that Mr. Bell's budget request for the 1983-84 school year is expected to be between the \$15.2 billion appropriated by Congress for the current fiscal year and the \$13.5 billion

ceiling for next year which the administration projected in July.

Organized teacher groups criticized both Mr. Bell and Mr. Reagan for avoiding any mention of an increased U.S. role in the reform process.

"It's the same old speech," said Ralph G. Neas, executive director of the Leadership Conference on Civil Rights, a coalition of 165 national organizations.

"The civil rights community feels betrayed — betrayed by the president of the United States and betrayed by the House and Senate Republican leadership."

"The White House has accomplished the goal it has been seeking for six months — to pack the commission," he asserted.

The agreement on the commission was intended to break the deadlock that arose after Mr. Reagan sought to replace three members with his own appointees but

was rebuffed by the Senate.

But others in the audience were enthusiastic about what they heard.

Jaimie Turner, president of the Arizona School Boards Association, declared, "He said what we continue to hear — that we must give the children of the United States the best education possible and that perhaps we have slipped and have to do something about it."

Mrs. Pickens, who is in the Coway Hall of Fame, spent 20 years among the top rodeo cowboys in the United States, both as a rider and clown.

Although he usually appeared in Westerns, Mr. Pickens' most memorable role was probably that of the B-52 bomber pilot who rode a hydrogen bomb down to a Soviet target in "Dr. Strangelove."

Mr. Pickens, a rodeo veteran with a distinctive Western accent, became a popular actor in comic Westerns. After appearing in a large number of low-budget cowboy films, he appeared in "The Cowboys," "Blazing Saddles," "Major Dundee," "The Getaway," "The Great Locomotive Chase" and "The Apple Dumpling Gang."

He also played Willie Nelson's sidekick in the 1980 movie "Honey" and

suckled Rose" and appeared in the television Western comedies "B.J. and the Bear" and "The Outlaws." He appeared in a dramatic role in "One-Eyed Jacks" with Marlon Brando, saying afterward that he preferred comedy.

Mr. Pickens, who is in the Coway Hall of Fame, spent 20 years

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Herald Tribune
Published with The New York Times and The Washington Post

U.S. General Talks of Early Beirut Pullout

Marine Commander's Remark Reveals Military's Desire to Minimize Dangers

By Richard Halloran
New York Times Service

WASHINGTON — The commandant of the U.S. Marine Corps, General Paul X. Kelley, has said that he is optimistic that the Marine Amphibious Unit in Beirut can be withdrawn from Lebanon early next year.

General Kelley, who made the remark Thursday, was the first senior military officer to indicate that a time and plan for total withdrawal of the 1,600 marines ashore was under active consideration. A Marine spokesman and administration officials emphasized, however, that no decisions had been made.

President Ronald Reagan, asked in a news conference Thursday whether the marines would be moved from Beirut International Airport, said, "There has been some talk for a long time about a change in assignment there and that still goes on."

Marine officers have suggested that the plans went beyond that to include a phased withdrawal of U.S. troops from Lebanon. Several options were being studied, they said, and gave this basic outline:

• Within a few weeks, the marine unit that is dug in at Beirut airport would be moved to a new site south of the city on the coastal road leading toward the ports of Sidon and Tyre. The marines would be out of the line of fire there and could be established better security.

• Sometimes early next year, the marines would move from that site back to their amphibious craft offshore, returning to the beach from time to time to reassure the Lebanese government that the United States was maintaining its presence there.

• As the Lebanese Army became better trained and the Lebanese



General Paul X. Kelley

government gradually resumed control of the country, the marines could leave. Marine officers acknowledged that the military and political progress of the Lebanese was the most questionable assumption underlying the plan.

The officers said they expected the president and the National Security Council to discuss the plan shortly and make a decision soon. Administration officials have already said a proposal for the first phase would be welcomed in the White House.

The plan would have to be coordinated with the Italians, French and British, who also have troops in the multinational force in Lebanon. Secretary of State George P. Shultz met in Brussels Thursday with foreign ministers of those nations to discuss the situation in Lebanon.

The ministers agreed that the spokesman that the decision to

move the marines away from Beirut airport, in accordance with a plan being worked out by the Joint Chiefs of Staff, "is still up to the president." On the phased withdrawal, the spokesman said that General Kelley wanted "to see what happened with one move before looking to the next."

The question was put to the general after he was quoted as saying at the opening of an art exhibition: "It's not going to be a happy Christmas. I'm not optimistic about getting them home by then, but I hope that by early next year the situation will be such that they can come home." His spokesman said the statement was accurate.

■ **2 Americans Hurt in Attack**

Moslem militiamen attacked U.S. positions at Beirut airport early Friday with rocket-propelled grenades and small arms fire, wounding two American servicemen. United Press International reported from Beirut.

The marines returned fire with a rapid barrage of 40mm rifle-launched grenades and wire-guided Dragon anti-tank missiles, quelling the attack shortly after it began, a Marine spokesman said.

The wounded Americans, a marine and a seaman from a navy construction battalion, were among a group of soldiers clearing bushland along the airport's northern perimeter when Moslem militiamen opened fire with rocket-propelled grenades and small arms.

Lebanese government officials met Friday with the presidential envoy to the Middle East, Donald H. Rumsfeld, to discuss security matters. Mr. Rumsfeld arrived in Beirut Thursday for the first time since last Sunday's U.S. air raids on Syrian positions in Lebanon.

WORLD BRIEFS

Bid to Oust Lambsdorff Voted Down

BONN (AP) — The Bundestag on Friday voted down an opposition motion demanding the dismissal of Economics Minister Otto Lambsdorff, who is accused of accepting payments that were allegedly meant to influence a decision to grant tax waivers to the giant Flick holding company.

By 274 votes to 196, the parliament turned back the motion by the Social Democrats, who argued that, whether innocent or guilty, Mr. Lambsdorff stained the government's reputation by remaining in his post. Mr. Lambsdorff has denied taking Flick money since he became a minister in October 1977.

Moslem States Agree on PLO Aid Office

DHAKA, Bangladesh (LAT) — Forty-three Moslem nations have agreed to set up a coordinating office to channel military aid to the body divided Palestine Liberation Organization.

Under the proposal adopted Thursday but originally suggested by Syria last year, a two-star general will be named to oversee the supply of military supplies and fighting men to the PLO.

Habib Chati, secretary-general of the Organization of the Islamic Conference whose members' foreign ministers have been meeting here this week, said the new bureau would have its headquarters in Jeddah, Saudi Arabia.

Printers, Paper Fail to Agree in Britain

LONDON (Combined Dispatches) — Talks broke down Friday between the management and the printers of a group of newspapers in northern England, raising the possibility of a national strike by the printers' union.

The union, the National Graphical Association, said before the breakdown was reported that a walkout at the *Messengers*, a chain of free papers in Washington, could spread to national and provincial newspapers if the talks failed.

The dispute, which began over the hiring of nonunion labor led to 43 injuries and 86 arrests Nov. 30, when police broke up a prohibited picket line outside the *Warrington* plant.

Renewed picketing and clashes with police this week at *Warrington* led a High Court judge in Manchester, Michael Eastham, to impose a new £25,000 (\$75,600) fine on the union Friday for unlawful picketing. That brought the total of fines against the union to £675,000. In addition, £10 million in union assets have been seized. (Reuters, UPI)

Reagan Says Grenada Force Cut Again

WASHINGTON (AP) — President Ronald Reagan told congressional leaders Friday that the U.S. military force on Grenada has been reduced below 2,700, but he said "it is still not possible to predict" when all U.S. forces will be withdrawn from the Caribbean island.

"White House spokesmen have pledged that all U.S. combat forces would be withdrawn from Grenada by Dec. 23. Mr. Reagan did not repeat that pledge in his letter to congressional leaders, but spokesmen said nothing in the letter should be interpreted as a change in that plan."

The letter, to the speaker of the House, Thomas P. O'Neill Jr., a Democrat of Massachusetts, and the Senate president pro tempore, Strom Thurmond, a Republican of South Carolina, said that U.S. servicemen "will continue to withdraw from the island as part of a process whereby a peacekeeping force, composed of units contributed by friendly countries, takes over" the responsibilities of the U.S. troops.

Sharon Says U.S. Plotted His Removal

TEL AVIV (AP) — Ariel Sharon claimed Friday that U.S. Ambassador Samuel W. Lewis had conspired with top Israeli government officials to have him dismissed as defense minister.

Mr. Sharon's charge was made in a letter to Prime Minister Yitzhak Shamir demanding an inquiry and in an interview with the daily *Yedioth Ahronot* which published the text of the letter.

The issue blew up after Israel Radio reported earlier this week that it had obtained a copy of a conversation between Mr. Lewis and the late deputy prime minister, Simcha Efrich, in which they discussed getting Mr. Sharon removed. The U.S. Embassy issued a statement that neither confirmed nor denied the report. Mr. Sharon lost his post in February this year at the recommendation of a judicial commission which ruled he shared indirect blame for the massacre of Palestinians in Beirut by Israel's Christian Lebanese allies.

Iran Tells of Iraqi Attack on Ships

TEHRAN (Reuters) — Iraqi forces attacked a Greek and a Cypriot ship at the head of the Gulf, slightly damaging the Greek ship and injuring two crew members, an Iranian Foreign Ministry spokesman said Friday.

In Athens, the *Stravlos* shipping company said its ship, the 16,320-ton *Iapetus*, was hit in the attack but that all crew members were safe.

The Iranian spokesman, quoted by the IRNA press agency, denied Iraq's version of the incident. Baghdad said Thursday its forces had destroyed six "enemy naval targets" and shot down an Iranian fighter. The spokesman said Iranian Naval and Air Force units defended the two ships and shot down an Iraqi warplane.

Meese Doubts Many Go Hungry in U.S.

WASHINGTON (AP) — Edwin Meese III, counselor to President Ronald Reagan, said he has not seen any authoritative evidence that there are hungry children in the United States and that many people go to soup kitchens "because the food is free and that's easier than paying for it."

In an interview Thursday, Mr. Meese said the Task Force on Food Assistance was created by President Reagan in September "to get to the bottom of some of these allegations that have been unsubstantiated."

The U.S. Conference of Mayors reported in October that "the problem of hunger is indeed continuing to grow in cities." About the same time, a group of physicians told a House subcommittee that studies in the states of Massachusetts and New York and in Chicago found increases in the number of people, especially children and the elderly, suffering from inadequate diets.

Federal Judge Is Indicted in Nevada

RENO, Nevada (NYT) — Federal District Judge Harry E. Calabrese of Las Vegas was indicted by a federal grand jury Thursday on charges of bribery, tax evasion, obstruction of justice and filing a false declaration of his financial affairs.

The chief witness against the 66-year-old chief judge of the federal district of Nevada is Joseph Conforte, 57, a brothel operator in the Reno area for two decades before he fled the country in 1980 to avoid going to jail. Mr. Conforte returned Sunday to the United States from Brazil. He has been in federal custody since then and testified to the grand jury for three hours Wednesday.

There are seven counts against the judge. The first alleges that he asked Mr. Conforte for \$30,000 and received it in cash on Dec. 14 or Dec. 15, 1978. The payment was to influence the judge in his rulings on motions to quash grand jury subpoenas in a federal investigation of voting fraud.

For the Record

The White House communications director, David B. Gergen, is resigning to join the Institute of Politics at Harvard University's John F. Kennedy School of Government as well as the American Enterprise Institute.

President Ronald Reagan announced Thursday. (UPI)

The pilot of the DC-9 jet that strayed into the path of a Boeing 727 radiced that he had lost his way in fog moments before the collision at the Madrid airport Wednesday in which 93 people died, the Madrid newspaper *El País* reported Friday, citing the Spanish Association of Airlines Pilots. (UPI)

President Ronald Reagan has invited Prime Minister Pierre Elliott Trudeau of Canada to meet him Dec. 15 to discuss Mr. Trudeau's proposals on disarmament, a White House spokesman said Friday in Washington. (UPI)

The House of Lords, Britain's unelected upper house, voted Thursday to allow television cameras into its chambers for an experimental period.

Ten persons, including a French Air Force general and a British air commander, were killed dead Friday after their executive jet crashed in rough seas off the west coast of Scotland. (Reuters)

More than 1.3 million signatures demanding the release of 5,000 political prisoners worldwide were presented by Amnesty International to the UN secretary-general, Javier Pérez de Cuellar, in New York Thursday, the 35th anniversary of the Universal Declaration of Human Rights. (UPI)

Deputy Prime Minister David Levy said Friday in Tel Aviv that Prime Minister Yitzhak Shamir had reaffirmed that he would be nominated as foreign minister but said no date had been set. He said that close aides of Mr. Shamir had tried to deny such an understanding. (UPI)

Larry Flynt, publisher of the sex magazine *Hustler*, told a judge in Los Angeles on Friday that an audio tape allegedly showing that automaker John Z. De Lorean was coerced into completing a cocaine deal was a fake. (AP)

France has exploded a nuclear device at its Mururoa Atoll testing ground in the Pacific Ocean for the second time in less than a week, officials in Wellington, New Zealand, said Friday. (AP)

Shuttle Checked for Computer, Noise Problems

(Continued from Page 1)

computer failure forced an unprecedented landing delay.

Lieutenant General James Abramson, associate NASA administrator in charge of the shuttle program, said the cause of the problem

remained a mystery, but predicted the trouble would be isolated and fixed in time to keep the next shuttle launch on schedule for Jan. 30.

Achievements of the mission included:

• Scientists for the first time found deuterium (a cousin of hydrogen), methane gas and carbon dioxide in the upper atmosphere.

• Detailed mapping pictures were taken of 43 areas on Earth, some of which had never been photographed from space.

• The astronauts created a very porous type of aluminum and grew a super crystal in a series of experiments.

This formula would mean a bot-

tomming out of oil prices in 1985, then a gradual rise to allow the industrial countries to make a smooth transition to a new energy era. It is "close to ideal for both exporters and consumers of petroleum," Mr. Akins said.

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ARTS / LEISURE

The Bronze Kingdom Of Pablo Serrano

By John Oakes

International Herald Tribune

CIVILLEN, Spain — Pablo Serrano is making a rare visit to Civilen, the tiny Aragonian hill town where he was born 73 years ago. Preceded by a crowd of children and local dignitaries, the sculptor strolls down the street named to his honor to the schoolhouse — serving 12 pupils — named in his mother's honor. He gazes appreciatively at the butcher's new weighing scale, gives the children pats, and embraces, it seems, everyone in the village.

"This is his kingdom," a friend remarks. If that is so, the region has never seen a more benevolent despot.

Since his return from Uruguay in 1954 — "I went there to escape the draft, and stayed," he laughs — Serrano has become one of Spain's most prominent artists. His bronzes are in the parks and collections of every major city in Spain, and many elsewhere. The first contemporary Spanish artist to have his work in the collection of Lenin's Hermitage, Serrano, named recently to the Spanish Academy of Arts and Letters, was asked by King Juan Carlos to design a sculpture for the royal palace.

Despite his successes, Serrano's art remains non-establishment if

not anti-establishment. It is art for the spectator's sake, projecting a consistently humanist message. Serrano depends on such unashamedly conceived, he says, as "sharing love and communicating."

Inevitably, that attitude — as evidenced in the few sculptures that were direct political commentary — led Serrano into confrontation with the Franco regime.

"Los fajaditos; Conmemoración de los 25 años de Piz" (The bandaged Ones: Commemoration of 25 years of peace, 1965), small figures imprisoned by tightly wrapped bandages through which peek an occasional eye or gaping mouth, were a bitter commentary on the quarter-century of fascist rule.

It was perhaps a result of these tortured sculptures (and their ironic subtitle) that Serrano's 1966 project for a monument to the Spanish poet Antonio Machado — who died in exile in 1939 — was forbidden by the government; the massive head, a stunning heroic portrait, was subsequently installed in the New York Museum of Modern Art's sculpture garden.

Machado was a moral example, the most important cultural and social figure to have come out of Spain for some time," Serrano says. Serrano aspires to be a moral example in his own right. Even the series "La quema del objeto" (The Burning of the Object) apparently



Serrano's "La Piedad" (1972).

abstract, surely decadent, is consistent with his humanist vision, Serrano says.

Sculptures of metal frameworks in which paper or wood boxes were set on fire, the *objets quemados* were "the realization of an ideal, the idealization of reality, the movement from the physical to the liberty of the ideal. The objects were burned to achieve a pure state," inspiring visions of the ideal.

"We have to discover," Serrano writes, "this capacity in each one of us to create and to communicate as a condition of life and a reason for our existence."

Serrano found a symbol that indicated this need and capacity in ordinary bread. Consciously drawing upon Judeo-Christian tradition, Serrano calls the act of sharing bread a natural manifestation of a "unity," "the ultimate expression of communication." He has used the idea in sculpture and graphic works.

Recently, the artist has taken on an unexpected direction, "a complicated effort to render three-dimensional interpretations of the Cubists' guitars. I like the Cubists because of their dialogue between poetry and reason, or poetry and geometry," Serrano says.

This "diversion," as Serrano calls it, brings to mind his earlier "Entretiens sur le Prado" (Meditations on the Prado) a satirical series on the paintings of Goya and Velazquez.

Yet Serrano, known for his generosity in helping young artists, is neither cynic nor satirist at heart. His goal, he says, is to express a "spiritus mundi."

"But the philosophy behind my art is visionary, not realistic," Serrano says. "Not everybody can understand, not everybody is open. I speak of an ideal that doesn't exist. Consequently, I find myself limited, but I also find myself looking for new ways to express the humanist possibility."



Pablo Serrano in his studio.

'Vassa': A Flamboyant Gallery of Gorky Rogues

By Thomas Quinn Curtis

International Herald Tribune

PARIS — Maxim Gorky in a sentimental moment once wrote: "Man! There is a noble ring to that word!"

Despite this flamboyant declaration, the men of his stories are in large measure, as he dubbed them, creatures that once were men: a vast rogue's gallery of thieves, murderers, charlatans, wife-beaters, drunkards, and sly, greedy merchants, while the "hero" of his trilogy, Kim Sangin, though not of the criminal class, lacks the needed spark of magnanimity.

What Gorky glorified was not man but woman. He was not blind to feminine faults, but he sang of resilience and fortitude. Probably the strongest of all his creations is Vassa Zlenova, in the play of that title. From it Gieh Paaflof has distilled in "Vassa" the most arresting film to have come from the Soviet studios in a lengthy film.

Gorky wrote the first draft of the play in 1910, but its performance

was prohibited by czarist censorship. In 1930 he revised it, aware that he had a formidable personality in Vassa, a woman of granite and ferocious drive. She is a Mother Courage monument, overbearing in all that stands in her way, and it is significant that Brecht attempted to adapt this social melodrama. Its pessimism runs pretty high at times.

Vassa, owner of a Volga River boat line, rules her relatives with an iron hand to preserve the family fortune. When her dissipated husband, a former naval captain, is to stand trial on morals charges she forces him to commit suicide to avoid a scandal. She refuses to let her daughter-in-law, who is engaged in revolutionary activities, take her son as she wants the boy to be heir to the firm. She prevents her elder daughter from leaving the country and ruins her life, while her 16-year-old daughter, spoiled and childlike, is lured into debauchery by her alcoholic uncle. The crippled, idiotic son has been eliminated from the script as the piling on.

There are lovely atmospheric vignettes to elevate the threatening monotony of the heavy narrative. One of these discloses the adolescent girls — their sister-in-law at the piano — rendering an old-time waltz. In its pastel hues it captures a flash of a civilization that has vanished. The setting by all is perfection, ever a sign of excellent casting and direction, but it is Anna Churikova as Gorky's indomitable anti-heroine who through thick and thin hypnotically holds attention, providing the film with shattering unity.

Some of the best French films have taken the occupation for their subject: René Clément's "Jeux Interdits," Antan-Lara's "La Traversée de Paris" and Marcel Ophüls's documentary, "Le Chagrin et la Peine." In Jean-Marie Poiré's "Papy fait de la résistance" we have the calamity viewed as a slapstick.

Laughter can be a powerful weapon as Ernst Lubitsch's mockery of the Nazi occupation of Warsaw, "To Be or Not to Be" has proven, though it was derided as a breach of taste when first seen.

Poiré, transforming the uniformed Germans and Gestapo agents into Keystone Kops, wins some automatic guffaws, but he keeps Jacques Villiers masquerading as an obese Hitler on overtime, even coaxing him into a witless night-club turn.

Jacqueline Maillet, always an entertaining comedienne, is an asset as an opera diva disguised with her German bosses. Alas, things will again when she is away. Michel Galabru, a seasoned funnyman, is the brave Papy and encounters more opposition from the scenario than from the enemy. The gags bomb when these two headliners are absent.

Claude Sautet's "Garçon!" seems in doubt which way to turn



Anna Churikova in "Vassa."

The Two Classes of Buyers at Auctions

International Herald Tribune

LONDON — The medieval manuscript sale held on Tuesday in London will be long remembered by the public as the occasion on which a very important man-

Europe. No one would deny that finding a manuscript of that period with its 41 full-page miniatures intact is virtually impossible on the market today.

But this in itself does not explain the price. The field is a highly refined one, with few private collectors worldwide. Upward of £500,000 to £600,000 there are no private buyers, as far as professionals know. This leaves only a few institutions.

Manuscripts, unlike oil paintings or sculpture, cannot be displayed permanently — the fresh colors fade away if exposed to any source of strong light. Their appeal to boards of trustees and museum directors is accordingly limited.

It should be added that despite its historical and art-historical interest — the manuscript has allowed the reconstruction of the 12th-century school of German illumination based at Helmshausen — it is not the greatest work of art from medieval Germany. The paintings are archaic, stereotyped and arguably decadent. The book hardly compares with the great production of the early Ottonian period, such as, say, the *Reichenau* school.

Without the extraordinary campagni masterminded by Sotheby's (and their rival Christie's) would no doubt have worked along similar lines) the *Gospel Book* commissioned around 1173-75 by Henry the Lion, duke of Saxony and Bavaria, would never have reached the price it eventually fetched.

No one would question the supreme importance of the work in terms of political and cultural history to Germany and even Western

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Florence Exhibitions

By Susan Lumsden

International Herald Tribune

FLORENCE — Queen Christina, who abdicated the Swedish throne to become a Roman Catholic and later died in exile in 1689, was the last ruler to be buried in the *Cappella di Santa Croce*.

Disegni di Giovanni Lanfranco, Gabinetto Disegni e Stampe degli Uffizi, Florence, and Gabinetto Nazionale delle Stampe, Rome, February and March.

An amusing exhibition and contrast to these two shows is the gold works of Salvador Dalí now being shown at the Museo di History of Science. "I Dalí d'Oro" finds protection under this distinguished roof because its subject, polyhedrons, was one that also fascinated Leonardo da Vinci and his mathematical friend, Luca Pacioli, who wrote "Of Divine Proportion" in celebration of these many-sided geometric forms.

The search for the equation of perfect beauty dates back to the ancient Egyptians. Dalí's contribution is the engraving of human figures and geometric doodlings on the various sides of the five polyhedrons on show.

In addition, there is a series of gold medallions featuring the clergy of the artist and his late wife, Gala. Amassed and embellished with semi-precious stones, they become a cross, a bird, a mirror and even a cigarette holder.

A further exhibition and contrast to these two shows is the gold works of Salvador Dalí now being shown at the Museo di History of Science. "I Dalí d'Oro," Museo della Storia della Scienza, I Piazze dei Giudici, until January.

Japanese Leader Nearing Test of His Strong Rhetoric

By William Chapman
Washington Post Service

TOKYO — Judged by rhetoric alone, Yasuhiro Nakasone was a smashing success in his first year as a prime minister bent on painting a new picture of Japan in the world.

He sketched a Japan tilting westward, unequivocally bound to the United States and Western Europe, and ready in shoulder some of the economic and military burdens his predecessors had avoided.

He tackled many of the bugsaboos of national defense that had

long shackled this constitutionally pacifist nation and left the impression abroad that Japan was prepared to line up militarily against the Soviet Union.

But Mr. Nakasone's first year in office ended with some skeptical voices asserting that he promised more than he could deliver and raised expectations that were bound to be embarrassing if unfilled. This view will be tested in elections Dec. 18 for the powerful lower house of the Diet.

The prime minister, the critics say, is bound by constraints of pub-

lic opinion and finance that may prevent him from realizing his promises. It is the view not only of traditional critics but also of some who share his diplomatic goals.

"It is true that he did make Japan more international and made it more understood in the world," said Bunroku Yoshino, a former career diplomat who is president of the Institute for International Economic Studies.

"But he has given impressions that will lead the United States to expect a greater responsibility in defending this part of the world, and although I agree with that, it is a question whether Japanese public opinion is mature enough to accept this."

The press puts the criticisms more crisply. Mr. Nakasone's performance is not keeping up with his promises, said Nihon Keizai Shinbun, a conservative business newspaper: "Words without actions cause friction later, domestically and internationally."

Mr. Nakasone has neither the financial resources nor the national consensus to back up his promises to the world, the Mainichi Shinbun said.

At home, he confronted directly the Japan Socialist Party's insistence on "unarmed neutrality," choosing to make it the issue of a parliamentary debate. In a recent speech, Mr. Nakasone called that policy tantamount to "unarmed surrender."

A Foreign Ministry official who is as hawkish as Mr. Nakasone felt uncomfortable with such language. It could, he said, damage the budding effort to use Soviet provocations as a rationale for slowly building up Japan's military budget.

Others believe that merely by tackling the taboos, Mr. Nakasone has created a new mood in Japan that will someday produce a new consensus. They also think that his words have encouraged those in Japan's powerful bureaucracy who share his views but were cautious in their actions out of fear of criticism.

Many predict that Japan's defense budget for next year will make apparent the gap between Mr. Nakasone's public statements and what can be achieved. Japan's national debt is huge, and the governing party is committed to scaling it down through a series of austerity budgets that hold domestic spending to a minimum and permit modest increases in defense expenditures.

The result is that the Defense Agency's plan for gradual expansion is already behind schedule. An analyst said it would take real increases of 10 to 13 percent per year, or nearly twice the increase last year, in get that plan back on schedule.



Prime Minister Yasuhiro Nakasone waves during a rally this month of the governing Liberal Democratic Party at the opening of the election campaign for the lower house. Associated Press

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friendly terms with both Washington and Moscow.

Mugabes appear only rarely on the cocktail circuit.

The Soviet ambassador, George Ter-Gazaryants, who is anxious to strengthen cultural ties, brought a Bolshoi Ballet troupe last month, and when Mr. Mugabe failed in attend a performance in which he had been invited, the incident provided grist for the gossip mill. Some eyebrows were also raised because the U.S. ambassador, Robert Keeley, did attend.

The way Mr. Mugabe keeps the Russians at arm's length, even though he is a professed Marxist, is a source of quiet amusement on the circuit.

Moscow supported Mr. Mugabe's rival guerrilla leader, Joshua Nkomo, in the long war of independence that ended in 1980. Mr. Mugabe defeated Mr. Nkomo in the election that followed the war and independence from Britain, and a year went by before he allowed the Russians to establish a diplomatic post. First, they had to promise to have nothing to do with Mr. Nkomo, who is no longer of any

major political importance, though he is a member of Parliament.

"Mugabe does not forgive easily," a diplomatic source said.

China, which supported Mr. Mugabe in the war, has been rewarded with Zimbabwe's friendship, and the Chinese are rated among the most charming in the diplomatic community.

In all, more than 500 people enjoy diplomatic privileges in Harare, and in official circles there is some concern that the presence of so many diplomats will make for problems.

"It is assumed that some of them — a goodly number — are gathering intelligence," an official said. "I think you call them 'spooks.'"

South Africa, Zimbabwe's white neighbor to the south, is considered a natural for some kinds of spying. Relations between the two are tenuous at best — each has only a trade mission in the other's capital — and there is concern that the presence here of so many representatives from Communist countries

that support black nationalism in South Africa will result in further South African economic pressure on Zimbabwe, along with other kinds of harassment.

The Zimbabwe government tries to limit embassy staffs to 20 fully accredited diplomats. But many countries get around this limit, some by bringing in aid missions. The United States and Britain both have staffs of 34, and Nigeria, the most powerful black-ruled nation in Africa, has a staff of 37.

According to diplomatic sources, the Soviet Union, which has only 17 fully accredited diplomats, has asked for a trade mission that would swell the number of its representatives here. The request is not considered likely to be approved by the Foreign Ministry.

The request for a trade mission comes on top of another to increase the Soviet ambassador's security staff to a full platoon. This, too, is expected to be rejected.

Marines, who are posted at U.S. embassies around the world, were assigned to the embassy here in August, although permission had been granted several years ago. The delay was due to the fact that the old embassy, a private residence, simply had no room for them.

Turkish Cypriots Appoint Leader Of Interim Cabinet

Reuters

NICOSIA — The Turkish Cypriot leader, Rauf Denktaş, has appointed Nejat Konuk, interim prime minister of the self-proclaimed Turkish Cypriot republic, according to Turkish Cypriot officials.

Mr. Konuk, 55, vice-prime minister of the so-called Turkish Federated State of Cyprus, which was formed after the 1974 Turkish invasion that divided the island, from 1976 to 1979.

A former member of Mr. Denktaş's National Unity Party, he was speaker of the federated state's legislative assembly until it was dissolved after the declaration of independence on Nov. 15.

The 40-member assembly has been succeeded by a 70-seat constituent assembly charged with preparing a new constitution to pave the way for presidential and other elections.

Mr. Konuk is expected to name his ministers for the interim government, which will hold office until the general elections, by the end of next week, the officials said.

Small-Town Rivalries Dominate Harare's Embassy Circuit

By Jack Foistic
Los Angeles Times Service

HARARE, Zimbabwe — When the U.S. Embassy here brought in a detachment of six marines, the Soviet Embassy asked for increased security too, not out of fear, but for reasons of prestige.

This is the sort of one-upmanship that goes on in Harare, where 57 embassies represent governments of the East, the West and the Third World. Harare has become a place of intrigues and gamesmanship.

Now a city of 700,000 people, the capital remains at heart a small town. Social activity on the diplomatic circuit is about the only form of entertainment, and gossip abounds.

The diplomatic list makes it clear that Prime Minister Robert Mugabe is adhering to his position of nonalignment. Of the missions here, 18 can be classified as pro-Western and 12 as pro-Soviet. West Germany and East Germany both have embassies.

Among the African countries that maintain embassies, there are several that accept aid from West and East alike and try to keep on

friendly terms with both Washington and Moscow.

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Mr. Cheysson told the National Assembly in Paris on Wednesday that France had decided not to attend new contact group meetings "because it cannot honestly exercise the mandate entrusted to it."

Mr. Cheysson said France, which opposed the linkage demand, had stayed in the contact group because several African countries asked it to do so. The French decision was based on an Angolan view that the panel "could no longer achieve anything."

The group, established after the failure of UN efforts to end South Africa's control over Namibia, achieved a major success last year in persuading South Africa, local political parties and Namibia's black neighbors to accept a package of constitutional measures looking toward free elections in the former German colony.

But the agreement founded on U.S. and South African insistence on linkage to Cuban troop withdrawal.

There has been no official reaction yet from South Africa.

In Bonn, a South African opposition leader, Frederik van Zyl Slabbert, said France's decision was a setback to efforts to bring Namibia to independence.

He said Mr. Cheysson had made no mention of the move when they had talks in Paris last week.

"Something more is going to be needed than the continual restatement of old positions if a settlement is to be found," he said during a visit by members of his Progressive Federal Party to the invitation of West Germany's Free Democrats.

Western officials said it appeared unlikely the contact group would be reactivated until the Cuban troop issue had been resolved.

France believed the sole obstacle in a self-rule settlement was that the United States and South Africa wanted it linked to the withdrawal of a reported 25,000 Cuban troops from neighboring Angola.

Senior diplomats of the United States, Britain, Canada and West Germany, the other four members of the group, said they were not consulted in advance by Paris.

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HUNGARY

An Overview of the Economy

CONTINUITY AND FLEXIBILITY

Successful agricultural reforms

Small private enterprises legitimized

If there is one subject the average Hungarian loves to talk about 'then surely it is 'The Economy'—even if he only refers to it obliquely. "This is absurd," a leading businessman commented on the spectacular theft of six priceless Renaissance paintings last month from the Budapest Museum of Fine Arts. "I know we are doing everything to boost exports—but not gratis. Anyway," he added, "I suppose once again we have reached world standards." The reference was to frequent reports in the Hungarian press about the growing efficiency of the country's industry and agriculture. The obsession with the Economy on the part of public and planners alike probably accounts for the phenomenal success of the new magazine, "Heti Világzásdózás" (or Weekly Economist) which in the short space of four years has shot up to a circulation of nearly 90,000. Sponsored by the Hungarian Chamber of Commerce, but retaining complete editorial independence, "HVG" (as the weekly calls itself for short) relates the Hungarian situation to world economics, using a punchy style and plenty of quotes from foreign business periodicals. The magazine's frankness about all matters relating to trade and industry is welcomed for the most part in official circles for the way in which it contributes to the keen discussion leading to significant reforms in the country's economy, with the certainty of more to come.

Continuity and flexibility are the

two most obvious characteristics which strike the inquisitive observer of the Hungarian economic scene at the end of 1983. Standing on the top floor of the National Planning Office overlooking the Danube, the panoramic view includes the massive Castle (representing the former Monarchy), the Freedom Statue on Gellert Hill (standing for the present Socialist regime) and a whole batch of new money-making luxury hotels (as a sign of western presence). And even the Danube itself, Europe's second longest river, stretching from the Black Forest to the Black Sea, symbolizes the key position Hungary has acquired in attempts to bridge the gulf between capitalism and communism. Expressed in hard monetary terms this seems to be the case. The necessity to tighten belts is proclaimed incessantly in the media. New economic regulations are promulgated incessantly to discourage consumption and keep investment down. In the same breath, as it were, the story is told of the average Hungarian who earns 5000 Forint (a month) of which he spends 6,000; saves 3,000 and puts the rest aside for buying a car.

Part of the answer certainly lies in the so-called "second economy" whereby moonlighting is not only tolerated in Hungary but actually declared part of the official policy. One of Hungary's leading economists, Béla Csikás-Nagy, State Secretary and President of the

Board for Materials and Prices, explaining the latest reform introduced in 1982, said: "We always had small private enterprises. Now we have legitimized them." The advantage to the state of this legitimization being, of course, that it could henceforth levy taxes on earnings from the "black" economy.

Despite the attention given in the western press to the private sector in Hungary its real importance should not be overestimated. 90% of industry and trade is in state hands. However, the private sector does, undoubtedly, enliven the picture and, to a certain extent, simplify everyday life. If you ever need a plumber or want to get a television set repaired, you no longer have to wait for months for the relevant state enterprise to respond, but get immediate service (at a price) from a self-employed entrepreneur.

Mr Csikás-Nagy sounded a note of warning in another sector recently though, when he pointed out that the overall rate of inflation in Hungary for 1983 would come out at around 8%, with the figure for 1984 likely to rise slightly to between 8-9%. It was in agriculture that the movement towards economic reform first found expression. The success led to the major reforms of industry introduced in 1968. Farm production in the last twelve years has gone up by 65% notwithstanding a decrease in arable land of 293,000 ha. Last year, the foodstuffs industry produced 2.6 times as much (on the present price basis) as it did in 1970. There are no noticeable shortages in Hungarian food-stores. The prices of basic foodstuffs are reasonable.

Altogether the shops in Budapest are well-stocked. The selection of foreign goods is relatively wide. Levi Strauss jeans, Scholl health-sandals, Triumph lingerie, Salamander shoes and Polaroid sunglasses are all to be had—if you can afford them. The latest sensation is the opening of branch of the West German specialist retailer Foto-Quelle. Prime-mover behind this achievement was OFOTÉRT, the leading Hungarian optical goods and photographic importer and wholesaler. The company's director-general, János Szilágyi, stresses that no previous foreign currency is squandered through. This was, and is, a compensation deal. All the Foto-Quelle products sold in Hungary are offset by deliveries of certain Hungarian products, such as spectacle-cases, spectacle frames, slide frames and black-and-white photo-paper. In the course of the present year these deals amount, for instance, to an equivalent value of DM4 million. It would be wrong to assume that important changes will be effected at the turn of 1984/85.

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HUNGARIAN CHAMBER OF COMMERCE

Importance of Co-ordinating Role

Mr. Tamás Beck President of the Chamber responds to some questions

The Hungarian Chamber of Commerce is an indispensable forum for the exchange of views in the world of business. Its membership consists of a steadily growing number of companies and institutions representing all branches of the economy. Tamás Beck, the Chamber's President, agreed to answer in writing some questions submitted by the IHT's marketing department.

IHT: What is the role of the Hungarian Chamber of Commerce in the country's economic life?

T.B.: Among our economic organizations the Hungarian Chamber of Commerce is one of the institutions which consider it their fundamental objective to use the opportunities available to them to the maximum in order to contribute in their own way to the easing of economic contradictions and to the continuation of economic progress. The Hungarian Chamber of Commerce concentrates all its efforts on furthering the greatest possible mutual understanding between the controllers and the controlled. This means, in effect, that the Chamber co-operates in the elaboration and implementation of central decisions affecting the whole economy. It fosters the professional progress of its member companies and eases their path in the international division of labour. It encourages co-operation among the companies, as well as the widening of the professional knowledge of managers and experts. The Chamber has been successful in getting prior consultation about intended measures and

prior exploration of company interests. Today the Chamber is "commercial" in name only, because among its member companies view are expressed by both industrial and agricultural producers from both the state owned and the cooperative sector. It is the Chamber's task to represent the interests of its member companies and, if necessary, reconcile them with each other. The aim of this representation of interests is that optimum decisions should be made from the aspect of the future development of the national economy. The Chamber also considers it its task to assist the implementation of decisions already made, and to mobilize its member companies for this purpose.

IHT: How independent then is the Chamber?

T.B.: The Hungarian Chamber of Commerce is just as independent as any American or European chamber of commerce known to your readers. Its immediate supervision is in the hands of the competent Vice-Chairman of the Council of Ministers and thus it is in no way dependent on the Ministry of Foreign Trade or any other body. Its President, Co-Presidents and Vice-Presidents are elected by the 30-35 member Presidium (for a term between two general meetings of members) by secret ballot, free of any outside influence. The President of the Chamber and the majority of its Vice-Presidents are company general-managers or managers who are active in the Hungarian economy. The Presidium elects out of its own members the Executive Board

which meets fortnightly and makes quarterly reports to the Presidium. The President of the Chamber, or his representative, takes part from time to time in the meetings of the government when it is dealing with economic questions, and he is permanently invited to the meetings of the different governmental committees which direct the Hungarian economy. The standing and the rôle of the Hungarian Chamber of Commerce in Hungarian economic life are guaranteed by governmental decree. The Chamber gets no financial support from any state organ and maintains itself out of the membership dues paid by the companies. Membership of the Chamber is entirely voluntary, and at every meeting of the Executive Board the Secretary-General lists the new members as well as those who, being dissatisfied, have terminated their membership.

IHT: How flexible is the Chamber able to operate?

T.B.: This question goes to the core of the matter. The conditions for flexible operation exist, but our sometimes exaggerated

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

OPEC Uncertainties

OPEC says that its prices will remain unchanged in 1984. That, you will recognize, is a hope rather than a promise. OPEC is wishing itself a happy and prosperous new year.

OPEC's sales hit a peak volume four years ago. Since then, because of the enormous increase in oil prices and the world recession that they caused, its production has dropped 40 percent. The question is how to allocate that enormous reduction among its 13 members.

At the past week's meeting in Geneva, OPEC agreed, more or less, to try again to stick with the production quotas that it adopted last March. But it has no means of enforcing those quotas, and the agreements started to unravel as early as last summer. Saudi Arabia never formally accepted a production ceiling, arguing that it needed latitude to stabilize the market. In recent months the Saudis have lifted their production quite a lot, presumably to prevent any upward movement of prices in anticipation of the American recovery from the recession. But American oil imports have not increased much in the past year, and there is now a widespread fear among the other producers that the price will soon fall.

Since two OPEC members, Iran and Iraq, are at war with each other, the atmosphere in the meetings is hardly conducive to trust and unity. But the hostility between those two countries only sharpens an older quarrel. This point, is a warning to the contrary.

—THE WASHINGTON POST.

KAL 007: Looking Ahead

From what seems like the remote past comes a report by the International Civil Aviation Organization on the South Korean airliner shot down by the Soviet Union — only last Sept. 1 — with the loss of all 269 people on board. The report, by the ICAO's multilingual staff, supports the theory that human error in operating navigation equipment led the airliner to stray off course. It rejects the Kremlin's contention that the plane was on a spy mission, and faults the Soviets for not making "exhaustive efforts" in identifying it before firing. The report is to be discussed in the coming week by ICAO members, including the Soviet Union, which cold-shouldered the inquiry.

In short, more of the same: confirmation of Moscow's rigid, paranoid conduct in shooting down the plane, and a further demonstration of its icy, self-isolating rejection of international norms in investigating the tragedy.

The ICAO report appears to be the single result of the shootdown that is alive and continuing. Some 13 nations — the Europeans plus Japan — broke civil service with Moscow for varying periods, all now ended. Pan Am had already given up flying to Moscow, and the Reagan administration had halted Aeroflot's American flights after martial law was installed in Poland, so there was only one

—THE WASHINGTON POST.

civil air sanction within Washington's reach: Aeroflot's two American offices were closed.

The search for debris and the black boxes ended with paltry results a month ago. The Kremlin kept the United States and Japan from searching in Soviet waters and harassed them in international waters. Late in September the Soviets turned over some minimal airplane and personal items, and another delivery is planned this month. There has been no Soviet apology (only a grudging expression of regret), no compensation and, so far, no cooperation in discussions about preventing a recurrence. These discussions center on clarifying the procedures that intercepting aircraft use in picking up straying airliners.

The American position remains that even if the Soviets did not know that KAL 007 was an airliner, they should have known, and had no cause to fire. The Soviet position remains that the United States provocatively sent an airliner on a spy mission and complained too harshly — although Mr. Reagan did practically nothing else — when the plane was lost.

One cannot and should not stay at a high emotional pitch indefinitely when these episodes occur. But the memory of KAL 007 lingers — and so should its meaning.

—THE WASHINGTON POST.

Democracy in Caracas

Some political events deserve notice because they are unremarkable. The democratic succession in Venezuela is an example.

For the fourth time since 1958 the outs have won a presidential election. The victor this time is Jaime Lusinchi, a veteran leader of the left-of-center Democratic Action Party. His victory and its guarantee of stable, constitutional rule are unremarkable because of a remarkable change in Venezuela's traditions. Simón Bolívar, who was born there, called Venezuela the "barbary" of South America. Long neglected by Spain and left largely illiterate, the country lost a fourth of its population in its war of liberation.

What happened later was summarized in 1955 by the historian Huber Herring: "More than 20 constitutions have been drafted, promulgated and then ignored; more than 50 armed revolts have taken toll of life and property. Dictatorship has been the rule. Political parties have meant little, political principles

less. The caudillo has dominated Venezuela from 1830 to the present hour."

Among the most brutal caudillos was the last, Marcos Pérez Jiménez. He seized power in 1952, when Venezuela was moving toward democracy and starting to tap its oil riches. His principal opponent, whom he scorned as a communist stooge, was Rómulo Betancourt, the founder of the Democratic Action Party. An indifferent United States struggled and carelessly let President Eisenhower bestow a medal on the Venezuelan tyrant.

When Venezuelans finally ousted the corrupt dictator, the first signs were disturbing: a visiting Vice President Nixon was spat upon by a mob in Caracas. But, starting under Mr. Betancourt, Venezuela turned away from the rule of mobs and tyrants to a stable two-party system, and developed an admirable regard for human rights. That is unlikely to change now. What a difference a generation can make.

—THE NEW YORK TIMES.

Other Opinion

Britain and the Community

It is very tempting for Britain to sit back and enjoy the crisis inn which the failure of the Athens summit has plunged the European Community. The essence of British complaints about the Community has always been that it is too expensive and that far too high a proportion of the money spent goes on agriculture, a sector which is relatively less important in the British economy than in those of most of our partners. In the past Britain has been able to do little about this except rant and rave.

By behaving very badly, we have each year

managed to bully or cajole our partners into giving us some of our money back. We had to behave badly because the rules were loaded against us before we ever joined the Community. What we should be doing now is calculating the price we can reasonably expect to charge for our eventual agreement to an increase in "own resources," and employing our most intense and persuasive diplomacy to convince our partners that it is a price worth paying.

The Community as a whole, not just Britain, needs an equitable financial system and a reasonable balance of expenditure.

—The Times (London).

FROM OUR DEC. 10 PAGES, 75 AND 50 YEARS AGO

1908: A Rich Caudillo in Venezuela

NEW YORK — The New York Herald's Caracas correspondent says that General Castro had a letter of credit for an unlimited amount of the Venezuelan nation's money, issued by the Bank of Venezuela in accordance with instructions of the Minister of Finance; that General Castro kept the date of his departure for Europe a secret until two days before he left; that he gave each member of his Cabinet \$100,000 as a stimulus to "be good" during his absence, and that General Castro's business and personal interests, which yield him more than \$1,000,000 in income a year, were entrusted in Dr. Garibar Guzman, lately Secretary-General of Venezuela, and at one time Charge d'Affaires in Washington.

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How the Superpowers Could End the Iran-Iraq War

By Seth Tillman

WASHINGTON — The acquisition by Iraq of Super Elendard fighter planes, along with the Exocet missiles that it already possesses, has opened up the prospect of a major crisis. A superpower confrontation could result if Iraq attacked Iran's oil-exporting facilities; if Iran undertook to block the Strait of Hormuz as it has threatened to do, and if the United States then took military action, as it has said it would.

I visited Iran last May and came away convinced that the Iraqis were very nearly desperate in get out of the war. (They are surely gone so now.) They were baffled as to how this could be done as long as Ayatollah Khomeini survives. And they seemed genuinely to believe that the superpowers were somehow manipulating events behind the scenes.

Iraqis told me repeatedly that the superpowers could bring the war to an early end if they wanted to. The fact that they had not done so, I was told, only proved that they wanted the war to continue.

My answer is the effect that America had little influence in Iraq and none in Iran, and that there was probably little if any communication between Moscow and Washington about the war, met with disbelief.

The Iraqi belief in the "hidden band" of the superpowers may be dismissed as familiar Third World paranoia. On the other hand, they may be accurate in their belief that the superpowers could bring the war to an end if they wanted to.

The essential condition is recognition by the Soviet Union and the

United States that they have a shared interest in ending the war, for if no other reason than its potential for drawing them into confrontation.

There are other plausible reasons for U.S.-Soviet cooperation to end the war. The United States and its allies have an obvious, compelling interest in the stabilization of the Gulf region. Soviet interests, contrary to the official reading of both the Carter and Reagan administrations, may well be comparable with the

United States' interest.

What the Soviets seem to want as

much as anything in world affairs is co-equal status with the United States as a global power and as an arbiter of world order.

They have shown, too, over the years, that however ready they are to defend what they regard as their sphere (Poland and Afghanistan) and to discomfit the United States in its sphere when that can be done cheaply or through surrogates (as in Central America), they have no disposition whatever to challenge directly the recognized vital interests of the United States and its allies. There has

been no Berlin crisis, for example, since the agreement of June 1972.

The Soviets acknowledge the Gulf as an area of vital Western interest.

Leoni Brezhnev, in a speech in New Delhi on Dec. 10, 1980, said that the Soviet Union "has no intention of encroaching upon either the Middle East oil or its transportation route."

He proposed a smallilateral agreement for the demilitarization and neutralization of the Gulf region. Mr. Brezhnev reiterated the proposal in February and May 1981.

The U.S. government has never responded to these overtures, adhering to the premise of the Carter doctrine: referring to the effect that the real Soviet aim is ultimately to take over the Gulf so as to ensure its own oil supply (although CIA projections suggest that the Soviet Union will remain self-sufficient in oil for the remainder of the century) and to gain control of the communitiy's world oil "life-line."

We cannot know that the Russians do not mean what they propose until their offer to cooperate in stabilizing the Gulf is tested. The Iran-Iraq war offers that opportunity, with much to be gained and little if anything to be lost: from a joint Soviet-American peace initiative. At worst, the Soviets would be exposed as hypocrites, as inveterate fishermen in troubled waters rather than as interested in world order as they profess.

A detailed road map as to how the superpowers might proceed in a joint peace initiative is provided by the United Nations Charter. The Soviet Union and the United States, working through the Security Council, would in the first instance encourage the belligerents to make use of one or another of the procedures for the pacific settlement of disputes spelled out in Chapter VI of the Charter:

"In the likely event that this recommendation failed to elicit a favorable response from both parties, the Security Council could then invoke the peace enforcement procedures of Chapter VII of the Charter, recognizing in the first instance that a 'breach of the peace' has indeed occurred; thereupon deciding what needs to be done about it (a cease-fire, presumably for starters); and then, if necessary, applying sanctions against the recalcitrant party or parties, which under the Charter may include 'complete or partial interruption of economic relations' as well as other specified nonmilitary measures."

The Charter authorizes the Security Council to "take such military measures as may be necessary to maintain or restore international peace and security." In the circumstances of the Gulf war it seems probable that nonmilitary sanctions, provided they were applied effectively and over an extended period, would be sufficient to bring the parties to a peaceful settlement.

Economic sanctions do not enjoy a good reputation. America's grain embargo against the Soviet Union and the United Nations sanctions against Rhodesia are seen as failures. But Iraq and Iran depend on oil revenues to finance the slaughter, and any measure that might encourage more superpower cooperation, deal with a crisis before it gets out of hand, help Mexico and shore up American banks has a few things to say for it.

As an exercise in prudent crisis management, Moscow might be interested in ways to control the securi-

ty situation that are also consistent with its economic interests.

Oil-importing countries would suffer if the embargo led to a sharp increase in the price of oil. But the amount of excess production capacity throughout the world suggests that the sanctions could be imposed without this damaging effect.

One objection to the proposal is the combatants' possible reaction. Iran might lash out at the other Gulf states if they tried to take over Iran's market share. But the world already faces this danger, without any prospect of moving Iran and Iraq toward negotiations. If the world must protect the Gulf states from military attack, the legitimizing cover of the Security Council would be useful.

It would be necessary to take into account the legitimate grievances of Iran. A cease-fire in place would not be enough. Iraq should accept the principle of significant reparations for the war it started.

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After four decades of cold war these provisions of the UN Charter are admittedly moribund. Nor is it certain, even if the Soviets and Americans took the lead, that other major powers would cooperate.

The obstacles are formidable, but the option is there, the key being a willingness to cooperate rather than compete in the Gulf region, for their separate and mutual interest.

The writer is a research professor of Foreign Policy. He contributed this comment to The New York Times.

LETTERS TO THE EDITOR

The Gulf's Oil Is Needed

Regarding the opinion column "Defending the Gulf: Worth It?" (IHT, Dec. 2) by James A. Nathan:

Mr. Nathan presents some compelling arguments to question the desirability and the practicability of a rapid deployment force to protect the oil facilities of the Gulf, but the declining importance of the Gulf as a source of oil supply is not one of them, let alone the most important.

The Gulf is now exporting more than 10 million barrels a day, or one-quarter of free world production. Even with zero growth in consumption, there is no prospect of a future decline in the foreseeable future from other sources, since close to three-quarters of the estimated 15 million barrels per day of unmet production capacity is also controlled by the Gulf states. The current base of reserves in these countries, and the probability of more discoveries, rates them as even more dominant in future world oil supplies.

While valuable additions to supplies are being made in many world areas, quantitative comparison with the uniquely favored Gulf is more poetic than real. Mexico is indeed

eager to sell all it can, but it cannot sell what it does not have and it does not have what it said it did. China's offshore reserves remain largely in be found, if indeed they exist.

It is true that Gulf production has declined some 20 percent over the last year, due to war-imposed curtailment of Iraqi shipments and even more to Saudi attempts to stabilize the market, while non-OPEC production has increased about 5 percent.

It is also true that "the Gulf is not what it was" in terms of production. What it still is and will remain for the rest of this century is a key element in world oil supplies.

An interdiction of these supplies to the West could be disruptive for any period of time and intolerable for an extended period.

GERALD E. DIXON
Petroconsultants S.A.
Geneva.

Cypriots, Falklanders
Regarding the editorial "No Help for Afonso" (IHT, Nov. 27):

The New York Times's comparison of the right of self-determination of the inhabitants of the Falklands with that of the inhabitants of Cyprus is

incorrect. The Falklands are a British overseas territory, while Cyprus is a sovereign state.

The guns that sank the Belcher, a German cruiser, are at Oscarsborg, where the Oslo Fjord becomes very narrow at a point about 25 kilometers

Such Power Isn't Simple To Wield

By Flora Lewis

WASHINGTON — In the view of most Americans and Russians, the United States and the Soviet Union are opposites, and the other is the stubborn source of danger. But in the view of most people elsewhere, America and Russia are "the superpowers." Some see them as mirror images, each one operating de

DRIVE TO DEVELOP TOURISM

Rapid growth of facilities New Convention Centre to open in February 1985

For a country such as Hungary, rich in natural beauty but poor in raw materials, it is imperative to develop those branches of the economy which are able to meet the challenges of the world market. Tourism is one of them. Spectacular growth rates of around 11% annually were registered during the 1960s and early 70s in the numbers of foreign tourists visiting Hungary. Tourist facilities could be expanded, though to keep pace with demand.

In the capital, Budapest, there was a chronic shortage, however, of top class hotels, marginally eased by the opening in 1969 of the Duna-Intercontinental, the first franchise hotel of an international chain in any East European country. This was soon followed, on the other side of the Danube (Duna in Hungarian) by the Budapest-Hilton built comingly into the remains of a medieval monastery.

Then came the big breakthrough whose effects have been noted with gratitude by individual travellers since the end of 1982. The number of beds in four- and five-star hotels more than doubled (from 1,500 to over 3,000) within a four-year period, rendering largely unnecessary long term advance reservations (except at the height of the season). This burst of hotel-building activity derived largely from a US\$300 million loan extended to Hungary by Austria for the realization of tourist facility projects. The first fruits were no less than four brand-new Budapest hotels: the Forum (a slightly down-market cousin of the Inter-Continental), the Hyatt-Atrium, the Buddha-Penta and Novotel. All of them achieved 50-60% occupancy during their first year of operation and are confident of doing better soon.

This is, of course, not to forget the traditional establishments whose names were known throughout Europe during the pre-war period. For those who prefer a taste of the good old items there is always the Gellér, where the "Tea Salón" and "Smoké Room" are redolent of the musty days of the old Empire, although the bedrooms have been brought up to modern requirements. Gellér's renowned in-house Greco-Roman swimming pool and the adjoining thermal water basins (indoor and outdoor, newly renovated) are an unbeatable attraction all the year round. And on the woody Margaret Island in the middle of the Danube, somewhat upstream from the centre of the city, there is the Grand Hotel which might have served as the original setting for a stay by Ludwig Bemelmans.

On a more modest scale the Austrian building credit has been used for new hotel and pension accommodation (or for improvements) in Budapest itself but also in Sopron, near the Austrian border, as well as Hévíz Spa and Keszthely on Lake Balaton.

Hungarians in the travel industry acknowledge a serious drawback: the country has only one tourist season, summer. Lustrative winter-sports are scarcely possible in a country whose highest

mountain, Kékestető, barely touches 1,000 metres. All sorts of schemes are afoot to step up tourism in the off-season. The Marketing Director of Novotel, Agnes Gonda, proudly looks out of her office-window onto the adjoining building site of the Budapest Convention Centre, to be opened in February 1985. This, she says, will fill an important infrastructural gap in the city. So far most of the big

like an attractive partner for the ten year old Penta Tours travel wholesaler (with a Stateside base in Danbury, Conn.), while the Hungarians are hopeful of boosting off-season tourist activities such as hunting, riding, fishing, hobby courses, and health treatments. The new joint venture intends to act as a pike in the somewhat lethargic carpool of Hungarian tourism and, as József Hoffmann, OTP Deputy



Budapest lies right on the Danube.

hotels have been able to cope with meetings up to a maximum of 600 people, but then there has been nothing in between up to the Budapest Sports Stadium for 12,000. The new Convention Centre has been designed with a multi-purpose hall seating 2,000 persons for conferences and theatrical performances. Banqueting facilities (with catering by Novotel) will be available for 1,000 persons at a time. Ms Gonda is not going to wait for bookings to come in either. She already has medical and technical congresses lined up, and is working on schemes for the mass presentation of Hungarian inventions as well as new scientific topics.

Meanwhile Vera Vodás, of the Hungarian Tourist Board, has been keenly promoting the Budapest Spring Festival. This is an extravaganza of concerts, operas, ballet, mime, folklore and artshows on the last Sunday in March and the preceding nine days (e.g., 16-25 March 1984). Gastronomy gets a look in too with a competition for Young Cooks and Pastry cooks.

In downtown Budapest, undergoing lengthy restoration but still open for business – is the Vörösmarty pastry shop which easily bears comparison with its renowned cousin, Demel's in Vienna (and the waitresses in Vienna) and the waitresses down river: look about two generations younger! Traditionalists still refer to the Vörösmarty café as "Garbeaud" (the family who ran it during the Monarchy) and rumour has it that this name is to be officially restored next year, providing the last surviving member of the family, living in Switzerland, approves.

1984 will also see the inauguration of a new east-west travel agency: Penta Tours of Austria and OTP (the National Savings Bank of Hungary) have set up a joint company to promote tourism in both directions. OTP with nearly 600 branch offices throughout the country looked

concluded: "The customer will benefit."

Hungary, thirsty for foreign currency, does not intend to undercut western countries as regards hotel prices. On a dollar basis at the realistic official rate of exchange they look much the same, per category, as in, say, Austria, France or Italy. Where the Hungarians do score, though, is on the overall package costs. Restaurants are still decidedly inexpensive, excursions are cheap, guides can be hired for a song, taxis are reasonable and if you decide to try your luck on the modern, but crowded Budapest metro or tram service, the 1 Forint flat-rate fare is a gift. Museums and art-galleries, too, are excellent value.

Finally, for air-travellers, Malév, the national carrier, has since the

"Company Fires Twelve Managers" – the announcement from a firm employing 24,000 people nationwide would have aroused scant interest outside business circles if it were not – as in autumn 1983 – from a leading enterprise in the People's Republic of Hungary, Tungsram or, to give it its correct name, the United Incandescent Lamp and Electrical Company Ltd, has a tradition going back to the 1890s and had become a fixed star in the Socialist industrial firmament with a product-range covering 10,000 items for delivery all over eastern Europe.

Annual sales in convertible currency amount to around US\$100 million. In common with many other Hungarian enterprises it had developed rapidly – perhaps too rapidly – during the 1970s. Big investments were made and even bigger financial commitments were entered into. By the early '80s the economic problems assumed unmanageable proportions. Creditor banks were getting worried and insisted on sweeping changes. On 1 January 1983 the whole board – with the exception of the Vice-President – was dropped and the second scholar was replaced in October.

The new Chairman of Tungsram (Vice-President since 1977) is Károly Demeter, 52, with technical and managerial background, a fluent English and German speaker, and well acquainted with American corporate methods. His reform plan for the company, based on IBM's Business System Planning, and formulated after studying the organization of direct competitors abroad such as Dutch Philips and West German Osram, involves some drastic streamlining. There were some similarities too with the reorganization undertaken by AEG-Telefunken. This was not easy in a company where a good proportion of the workers followed in the footsteps of their parents and even their grandparents who had been employed during the days of the original company in the

Total re-organisation at Tungsram

Diversification lays foundation for the future

Austrian-Hungarian Monarchy. At each stage close consultation was maintained with the trades unions, however, who agreed to an 8% job-cutting programme spread out over two years on the understanding that wages and salaries would be increased. The bulk of the jobs are being achieved through natural attrition due to retirement. Mr Demeter admits that he would have liked to step up productivity even higher by reducing the work force still further, but is hopeful there will be such a big increase in turnover by 1985 that no more drastic measures will have to be taken.

Parallel with the slimming operation Tungsram is stepping up its



Mounting refractor halogen lamps in the Tungsram factory.

research and development activities 5-6% of turnover is being ploughed back into R&D. Alongside lamps, components and lamp-making machinery of all kinds the company is branching out into new, related directions.

Since 1976 Hungarian Tungsram has had a licence and know-how contract with Fairchild Corporation for manufacturing integrated circuits, and in 1977 a joint-venture company ACTION TUNGSRAM was formed in East Brunswick, New Jersey. Mr Demeter thinks that diversification should go so far that Tungsram is eventually no longer mainly a lamp producer. In some respects he is keeping a

close eye on Japan because of sales possibilities but also on account of the exceptionally high quality standards enforced there from which he feels Hungarian industry can only stand to benefit. If Tungsram can succeed in Japan – as it has done, for example, by equipping

Nissan cars with bulbs made in Hungary – then there will be no looking back.

Tradition is all very well – and Tungsram has ninety years of it – but progress and profits are better. The company is determined that no shadows of the past should dim its future activities.

TIPS FOR BUSINESS TRAVELLERS

Hungarian drivers display immense tolerance for foreign motorists who get into the wrong lane in crowded streets of the capital or who risk making U-turns on the busy boulevards to avoid detours of several kilometres.

★

Do not expect to find re-routing signsposts for diversions – as in Budapest at the moment – when major roads are torn up lock-stock-and-barrel for extensions to the underground railway/subway. Either carry a detailed road map or, better still, take along a local inhabitant who knows the quirks of the Hungarian road traffic system.

★

Three grades of petrol/gas freshly available at fairly frequent though (with the exception of Shell) seldom well marked filling stations. Do not expect to have usual windscreen cleaning/oil-check/tire-pressure attendance offered. A glimpse of foreign currency will work wonders, though, in this respect.

★

Warning: likelihood of encountering until hay-wagons and farm-carts on country-roads at night.

★

Fairly good availability of taxis in Budapest especially since private owners are now allowed to compete with the two state firms. Drivers will not object to being asked for a receipt for the fare paid.

★

Telephone service – only partially converted to direct dialling – remains rather frustrating.

★

If you want to look up the number of a business contact in the telephone book watch out. There is a separate directory for "public subscribers" (i.e., offices, shops, enterprises etc.) as

opposed to the normal alphabetical volumes restricted to private subscribers.

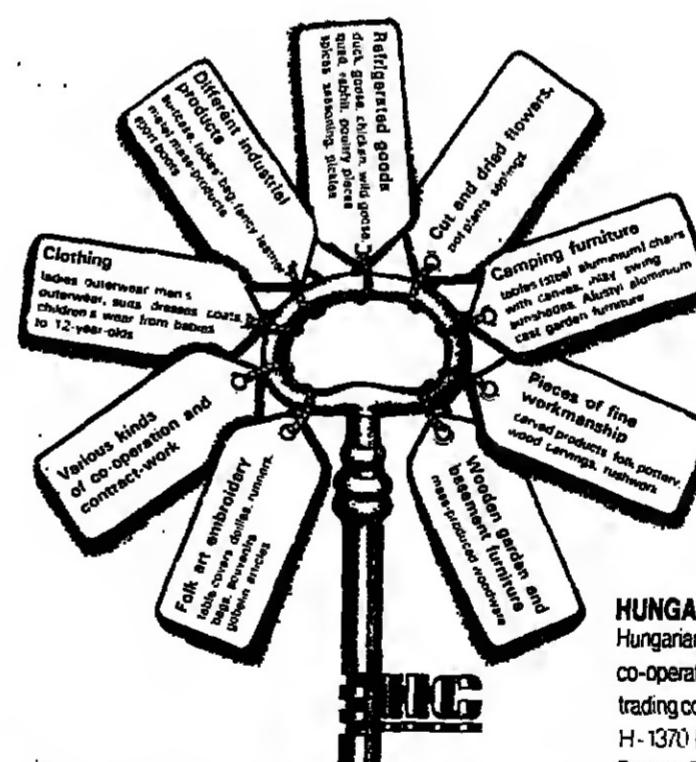
★ Your portable FM receiver will be useless. Hungary operates in the CIRT (East European) frequency scale which is outside the 75-108 MHz range used in West Europe and North America.

★ A small supply of western newspapers and magazines are on sale in major hotels but it is good to find out when daily supplies arrive because they tend to be snatched up quickly. M.T.I., the Hungarian News Agency, publishes a twin (English/German) daily – "Daily News – Neueste Nachrichten" – giving a short summary of world news and adequate coverage of Hungarian events, including theatres and concerts. At 6.50 Forint an issue it is a bargain.

★ In city restaurants and eating places there is always nice glass and chinio but instead of salt and pepper you get salt and paprika. Menus are printed in three languages in all the better establishments.

★ A great fuss is made about serving wine. Even carafe "plonk" is ceremoniously presented to the host for tasting first, as well as standard bottled wines which could not be "corked" because plastic stoppers are used.

★ Whereas in the 70s western tourists were pestered at every turn in the streets of Budapest by touts wishing to acquire Dollars, Schillings, D-Marks at "advantageous" prices this annoyance has come to a complete halt since: a) the exchange-rate has been brought into line with the real purchasing power of the Forint, and b) Hungarians can have a regular, if small, foreign travel allotment on request.



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OVERWHELMING IMPORTANCE OF FOREIGN TRADE

Significance of U.S. Trade and MFN status

One of the first lessons learnt when studying statistics of the Hungarian economy is the overwhelming importance attached to foreign trade, above all to trade with the West, more specifically with the member countries of OECD and the developing world. The reason is simple: Hungary is far from being sufficient in raw materials, energy carriers and certain consumer goods (cars among them). Four-fifths of the country's oil demand, one-third of all natural gas, one-third of essential chemicals and a lot of timber and various woods have to be imported (mostly from the Soviet Union). A good deal of machinery comes from western countries.

Comparisons are difficult between the rubel-accounting area and countries where settlement is in convertible currency but broadly speaking half of Hungary's foreign trade is with the Comecon area. Of the other half, with the "west", roughly three-quarters is accounted for by the developed countries and one-quarter to one-third (depending upon whether it is imports or exports which are

under consideration) with developing nations. Easily the largest OECD trading partner is West Germany followed by Austria. Next on the list is Italy which is peculiar in that Hungary has an active balance there while with the others it does not. After that the list continues with Iran, the United States, France, Switzerland & Liechtenstein, and Iraq, with the United Kingdom coming roughly tenth. Overall Hungarian exports to the western world are somewhat lower than imports so that there is a chronic deficit. Hungary feels strongly about the undervalued, but nevertheless stringent protectionism which prevents it from being the headway it deserves in west European markets. The western countries in effect operate a tariff union which excludes Hungary from the benefit of free trade. This applies not only to the European Economic Community, but also to the countries of EFTA, the European Free Trade Association, which have concluded individual trade agreements with the Common Market. This is particularly disastrous with respect to finished products from



Prototype of "Stress Manager" for sale in US.

At the other end of the scale from the trailer-sized mass radiography unit, Medicor has come up with a gadget for providing spot checks on an individual's state of mind. The "Psychocalculator" is a hand-held instrument developed and manufactured for examinations where a quick psychological evaluation can be provided from a person's answers to simple or complex visual or acoustic stimuli.

Three buttons on the side of the instrument are touched by fingers of the patient's left hand. These buttons are the electrodes of psychological parameters. One of them is a photo-electric pulse detector, while the other two electrodes measure the galvanic skin resistance (GSR). Measurement of pulse-rate and GSR is carried out simultaneously during the psychological test and the values are processed for instant read-out (on the unit's own LED display) or for interface print-out.

The "Psychocalculator" was originally designed for use in aeronautical and cosmonautical training but has since found a wide series of applications in business, industry and education. Medicor's Martos: "Whereas Rubik and his Cube appealed to 'homo ludens', we want to catch 'homo inquires', because everyone is curious about his own psyche". The "Psychocalculator" is shortly to be marketed in the United States (under the name "Stress Manager") in the US\$100 price range.

MEDICAL TECHNOLOGY FOR THE MASSES

Efficient units at reasonable cost

Developing countries can sometimes postpone industrial investment but it is impossible for them to delay medical investment. This is, at least in part, the reason for the success of Medicor, the leading Hungarian enterprise in the field of medical technology. Founded in its present form twenty years ago the Medicor works in Budapest are proud of a local surgical instrument-making tradition dating back to the days of the Thirty Year War. Medical instrumentation in 1983 is light-years away from those crude scalpels and bone-saws, but their lineal successors are still in use today and are likely to be for centuries to come. Several thousand various steel instruments are now in the production programme, as well as production items such as disposable injection needles (400 million p.a.) and more than 400 types of apparatus ranging from complete operating theatre equipment to pocket-size diagnostic devices.

Medicor's Chairman, István Martos, who is also Vice-President of the Hungarian Chamber of Commerce, insists that he and his company have a very special philosophy: "Our main goal is to

cover the needs of primary health care as defined by the Alma Ata Programme of the World Health Organization, namely The Minimum Care for Everybody by the Year 2000". So we do not aim to produce luxury units for installations which tend to be status symbols rather than effective medical aids. The real danger nowadays in the medical world is the cash-explosion. Every country is experiencing this. Health-care costs are escalating from year to year, and not only in the developed world."

Medicor, which has a large trade network abroad and is entitled to export its own products independently of the state trade organization is in a position to supply turnkey hospitals and complete medical systems, in each case robust, efficient units of a reasonable price. That is not the end of the story, though. With clients in the developing countries - in 1993 these have been Nigeria, Algeria and Iraq, for instance - there is then a vital need for follow-up facilities. Medicor system-specialists are sent to live on the spot - not in the capital but in the countryside where the hospitals and units are functioning - so that they are always on hand ready to help. This has the additional advantage, of course, that Medicor headquarters in Hungary can be kept informed in plenty of time about the next steps planned in the given country's health service. Furthermore, 1,000 - 1,200 foreigners are instructed in care and maintenance every year at Medicor's own Training Centre in Budapest. The individual courses last from ten days to three weeks.

An increasingly important branch of Medicor activity - channelled through a section called MECOSY - is the provision of integrated medical systems and sub-systems for countries requiring them and wishing to benefit from the well-tried Hungarian experience. This could include an emergency medical network, with rescue and patient transportation systems, or a complete blood transfusion and supply method. A contract for just such a system has been landed, for instance, in Nigeria at District level. Nearly ten percent of the company's 9,000 employees are engaged in research and development. Currently they are working on designing a self-contained X-ray unit to WHO specifications which incorporates everything that is essential and nothing which is not. This will still have to function, for instance, in remote districts of an African country where it is not unusual for electricity supplies to be cut off for 6-8 hours at a time. Although there is nothing strange about this medical equipment Mr Martos regrets that increasing difficulties are being encountered in importing electronic components from the west. So far this has not set back Medicor's own production but he sees the time coming when difficulties will have to be circumvented by accelerating domestic micro-electronic design, not only in Hungary but in other Comecon countries as well. Within the past year or so Medicor has succeeded in launching a whole range of new apparatus required in the increasingly important field of preventive medicine, such as non-intrusive examination equipment (tomographs and the like).

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EXPORTS AND JOINT VENTURES

EAST, WEST AND SOUTH

The Men from the Ministry have a mission in Hungary: export is everything for specialists sitting in the well-appointed, lined panelling offices of the Department of Foreign Trade in Budapest. Exporting, but also promoting joint-ventures and projects on third markets. Here, as in so many fields of public life in Hungary, a pragmatic solution has been found to a pressing problem: how to make an inherently bureaucratic body swing in the hard world of business. The answer has been to inject the profit motive, by forming separate companies with clear responsibilities.

cases where intercooperation makes tri-partite arrangements with western companies operating in the Third World, e.g. current participation in a pipeline building project in Iraq, using Hungarian manpower and engineering skills. In Egypt there are plans to set up a bottling plant using fruit-juice concentrate from Hungary. With its sights set firmly on providing better service and better conditions in order to get business, intercooperation already has offices in London, and Frankfurt-am-Main and is contemplating an additional location in the Far East, probably Kuala Lumpur.

Also responsible to the Ministry

is Translektro by the Kerpar company also of Budapest.

It is a Translektro partner, too, Elektromex, which makes the "Grikotop", for cooking and baking by hot-air circulation, a Hungarian invention.

One of the most recent profitable Hungarian ministerial export ventures has been in the construction field. The Ministry of Housing decided three or four years ago that the country's building industry should participate more actively in business abroad.

EMEXPORT, a company founded by the Ministry, with over a quarter of a century of experience in the field, has since fulfilled contracts in 32 countries. EMEXPORT began its main contracting abroad with the construction of hotels - in Czechoslovakia and the Soviet Union, but has since expanded its activities greatly with such varied projects as a Biological Combining in Mongolia, a glass-works in Cuba, and a container-storehouse in Hamburg, West Germany. In addition, EMEXPORT has been instrumental in providing "instant accommodation" in the shape of simple prefabricated dwellings for the victims of earthquake disasters in Italy.

Medical instruments for export from the Medicor Works at Esztergom.

Takes Intercooperation Co. Ltd. for example. The "enterprising enterprise" as it calls itself belongs to the Ministry of Foreign Trade, as a main shareholder, but has participation from the Hungarian National Bank, the Foreign Trading Bank and several large Hungarian companies. Established fifteen years ago specifically to bring together international industrial and agricultural ventures it specializes in purchasing know-how and licences, sometimes financing projects out of its own basic capital. Intercooperation (which, to the confusion of most Hungarians, uses exclusively its English name) claims no particular profile. It can, and does, wheel and deal in the most widely varying sectors. Twisting, horticultural implements, complete sewerage plants. Nothing is too small or too large to attract the gold-fingered attention of Intercooperation. Sometimes export lots of only US\$ 300 are handled, but the sky's the limit. Parallel with foreign trading rights Intercooperation is entitled to undertake any sort of export and import business and to establish joint-ventures for dealing with any type of goods.

One of the company's first joint-ventures was set up with Siemens of West Germany - the SICON-TACT company - with 51% Hungarian participation. The other joint company was formed with a Swiss-German group for the production of water-pumps. In the nature of things 99% of Intercooperation's work is with the "western" (i.e. OECD) world together with the developing countries. There are also certain

Coming down-range somewhat; Translektro deals in all kinds of industrial electrical equipment - motors, switches, switchgear, transformers - catering equipment, refrigeration equipment for supermarkets and restaurants, and air-conditioning plants for hotels and hospitals. Hungarian built-in kitchens are

supplied to the Netherlands and West Germany. The latest major project was the inauguration in Moscow in November of the third department store - MUM, following GUM and CUM - with complete interior equipment supplied in co-operation with Translektro by the Kerpar company also of Budapest.

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SOME HUNGARIAN FIGURES

(For 1982 unless otherwise stated)

Area: 93,033 sq. km.

Population: 10.71 million

Population density: 115 per sq. km.

Work force (1981): 5 million

Pensions: 2.18 million

Motorization: 110 private cars (per thousand population)

Telephones: 125 (per thousand population)

GDP: 9.04 billion

GDP: 1.92 million

Horse: 0.11 million

Total farmland (own area): 4.6 million ha

Average annual growth rate of GDP (1981-82): 2.3%

Per capita GDP (1981): US\$2,500

(Source: "Statistical Pocket Handbook of Hungary", Budapest, 1982)

Currency: Forint = 100 Filler

Exchange rate:

1 US\$ = 43-44 Forint

1 £ = 62-64 Forint

Public holidays: 1 January,

4 April, Easter Monday,

1 May, 20 August,

7 November, 25 December,

26 December

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BUSINESS/FINANCE

SATURDAY-SUNDAY, DECEMBER 10-11, 1983

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ECONOMIC SCENE

By LEONARD SILK

Fears of Investors, Credit Demands Among Reasons for High 'Real' Rates

NEW YORK — Why have "real" rates of interest, defined as nominal rates minus the current rate of inflation, remained so high despite the world economic slump and the decline in inflation? James J. O'Leary, economic consultant to United States Trust Co. of New York, says there are several reasons.

One important factor, he points out, is that investors fear an upward surge in the rate of inflation. They expect business-cycle pressures on prices and interest rates to be intensified by political pressures for rapid growth in an election year. And they are worried about underlying inflationary forces, especially the prospective big federal budget deficits.

In addition, Mr. O'Leary says, a majority of long-term investors, including life insurance companies and thrift institutions, are unwilling to commit money to fixed-rate, long-term obligations except at premium rates.

Performance-oriented fund managers, seeking the highest possible returns quarter by quarter, dominate the bond market, Mr. O'Leary points out. Poor performance for even half a year can cause the loss of an account. This makes the fixed-income bond market highly volatile, and that volatility increases risks and the level of real interest rates.

Then, too, total credit demand is climbing. Mr. O'Leary estimates that in 1983 the total net increase in credit will be \$65 billion, 18 percent higher than in 1982. While the recovery did not generate much rise in corporate bond financing or business borrowing, at the commercial banks, there were big increases in consumer credit, home mortgages, tax-exempt bonds and borrowings by the U.S. Treasury and federally sponsored agencies.

Because of the persistence of inflationary expectations, the Federal Reserve has had much less leeway to ease credit. The result has been to keep short-term real rates of interest unusually high.

While Mr. O'Leary does not mention it, financial deregulation looks like another root cause of high real interest rates. This point is reinforced by an economic analysis at the Commerce Department by its chief economist, Robert Ormer, and Carl Cox, director of the Office of Business Conditions. As part of a continuing study of the national economy, the Commerce economists found that Mr. Ormer called "very normal" relations between interest rates and changes in supply and demand factors, including the federal deficit, from 1955 through 1978.

But, starting in 1979, the past relations broke down. A significant cause of the trouble, Mr. Ormer suggests, was the onset of banking deregulation, the lifting of interest-rate ceilings and the introduction of new kinds of bank deposits. By intensifying competition among financial institutions and raising the cost of funds, deregulation may have caused a quantum jump in interest rates.

Developments in international trade and payments may also have contributed to the climb in interest rates. The growing U.S. trade deficit was offset by a mounting inflow of foreign capital, attracted by high interest rates. This added unexpected strength to the dollar. Other countries, while bitterly complaining about high U.S. interest rates, pursued monetary policies that kept their own rates high, partly to arrest deterioration of their own currencies, partly to check inflation. International debt problems, by aggravating financial risks both in the developing and industrial countries, raised the global level of real interest rates.

What Can Be Done?

The persistence of high real rates of interest could retard investment and world economic growth for years to come. What can be done to bring real interest rates down?

The analysis implies the remedies. While the problem is international, the solution must start in the United States, the key factor in the world monetary and financial system. Although big budget deficits are not the sole cause of the problem, it is hard to imagine a solution that will not involve a significant reduction in deficits, both to reduce overall demand for funds and to quiet expectations of new rounds of inflation and fears of intensified competition between public and private borrowers.

A somewhat more expansive monetary policy, which would make more reserves available for the banking system and help scale down interest rates. The same medicine applies to foreign countries with high deficits.

The deregulation of financial markets in the United States looks irreversible. In time, however, the shakeout among financial institutions may bring down their cost of funds and lending rates.

A moderate course of economic expansion, rather than a breakneck pace motivated by fiscal considerations, would ease the growth of private credit demand and reduce undue pressure on prices and interest rates. Continued actions to shore up the international monetary system, by keeping trade open and helping the developing countries to handle their heavy debt burdens, would reduce risk premiums and help bring down interest rates. Some progress in that direction was made this year.

Coordinated international programs for joint monetary expansion would help. But the most important measures needed to reduce real rates of interest are those to be taken by national governments at home, especially the government of the United States, to reduce budget deficits.

New York Times Service

CURRENCY RATES

Interbank exchange rates for Dec. 9, excluding bank service charges

	Per	U.S.	Per	U.S.	Per	U.S.	Per	U.S.	Per	U.S.	Per	U.S.
Amsterdam	1.0105	1.421	1.1208	10.39	1.0352	—	1.0511	10.365	10.2923	—	—	—
Brussels/Col	0.9777	1.099	20.2733	0.675	1.0405	10.0725	—	—	—	—	—	—
Frankfurt	1.0245	1.344	—	—	1.0245	1.0245	—	—	—	—	—	—
Milan	1.0475	1.0475	—	—	1.0458	1.0458	—	—	—	—	—	—
New York	1.0278	2.0148	—	—	1.0252	1.0252	—	—	—	—	—	—
Paris	0.954	1.1953	10.384	—	0.9197	1.0002	1.0347	0.9778	0.9304	—	—	—
Zurich	2.0083	2.6719	22.332	26.025	1.0197	1.0197	7.6495	3.9564	22.151	—	—	—
TECU	0.0224	0.5723	2.5215	1.6729	1.0674	1.0674	2.5445	1.8545	1.8162	1.8162	1.8162	1.8162
USDR	1.0417	2.0245	2.0245	1.9735	2.0245	2.0245	2.0245	2.0245	2.0245	2.0245	2.0245	2.0245

\$1 Commercial Franc (Do) Amounts needed to buy one pound (£1) Units of 100 (€) Units of 1,000

N.G.: not quoted; N.A.: not available.

Fed Says M-1 Eased In Week

United Press International

NEW YORK — The narrowest measure of the U.S. money supply known as M-1 plunged \$2.1 billion in the latest week and other Federal Reserve data raised questions over whether the Fed has tightened up on bank reserves.

The broader money supply measure known as M-2 rose \$14 billion in November and M-3 was up \$26.7 billion, leaving all three measures within the Fed's annual growth targets at the end of November.

Other data showed banks were in a so-called free reserve position of \$40 million following four weeks of a sizable net borrowed figures that had been the major reason for the belief that the Fed had tightened.

David M. Jones, economist at Aubrey G. Lanston & Co., believes there were special factors that caused a distortion in the latest reserve figures. "I still believe the Fed had moved early that week to tighten up modestly," Mr. Jones said. "But I also think that will be sufficient to keep the funds (federal funds overnight) and the Fed will stabilize its position."

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NYSE Most Actives

Dow Jones Averages						
	Open	High	Low	Close	Chg.	Per cent
Indus	1262.20	1268.09	1222.03	1263.04	-	1.03
Trans	407.90	416.43	400.34	404.91	-	1.01
Uthi	134.30	134.87	133.33	133.91	-	1.11
Come	507.24	509.52	502.57	505.84	-	1.00

NYSE Index				
	High	Low	Close	Chg/Per
Composite	95.44	95.08	95.39	+0.86
Industrials	111.12	110.71	111.18	+0.68
Trans.	100.21	100.28	100.45	+0.53
Utilities	47.26	47.20	47.33	+1.18
Finance	93.20	94.07	94.92	+0.36

Friday's NYSE Closing

**Vol. at 4 p.m. 91,280,000
Prev. 4 p.m. Vol. 95,330,000
Prev Consolidated Close 122.463.440**

AMEX Dories	
Advanced	204
Declined	256
Unchanged	345
Total Issues	805
New Highs	12
New Lows	10
Volume up	3,169,400
Volume down	1,716,375

NASDAQ Index		Close	Chg.	Week Ago	Year Ago
Composite	261.51	-0.06	261.51	253.45	
Industrials	235.72	+0.22	235.50	227.22	
Finance	274.04	+0.47	273.47	211.50	
Insurance	265.13	+0.13	263.30	220.00	
Utilities	278.60	+0.74	277.86	229.00	
Banks	261.26	+0.16	261.00	216.45	
Transp.	220.30	+0.03	219.52	190.05	

AMEX Most Actives						
	Vol.	Hign	Low	Chg.	Clos.	Chng.
Vivint S	2615	1750	1424	+176	1750	+16
TERAM	2248	574	514	+54	574	+54
EchoWrd	2247	8	7	+1	8	+1
Cracker	2227	20	18	+2	20	+2
Dartcos	2100	2165	2035	+215	2165	+215
Health S	2055	2214	1970	+214	2214	+214
WellsFarg	1444	324	322	+24	324	+24
DraftKings	1244	354	304	+50	354	+50
Dowdell	7113	394	357	+37	394	+37
AxonHls	1091	1816	1710	+106	1816	+106

Meese Predicts Struggle: To Keep Inflation Down

Rev.

WASHINGTON — The Reagan administration is going to have a battle to keep inflation at its present low level, according to the White House counselor, Edwin Meese III.

"It is always difficult to keep it as low as it is now because we are really at an all-time low for

The administration has made no decision on whether to extend the ban.

The administration has made political capital of the fact that inflation as measured by consumer prices is at an annual rate of 3 percent. But economists say the economic recovery could bring a renewal of inflation in 1984, when President Ronald Reagan will probably be running for re-election.

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BUSINESS BRIEFS**Iacocca Agrees to Stay at Chrysler, Wins Big Bonuses of Stock, Options**

DETROIT (Combined Dispatches) — Lee A. Iacocca, who has been working without a contract since he joined Chrysler Corp. in 1978, has agreed to remain its chairman for at least three more years in return for substantial bonuses of stock and stock options.

The automaker announced Thursday after its board met in New York that Mr. Iacocca would receive 150,000 Chrysler shares — now worth about \$4.2 million — in three years plus 50,000 more if he stayed with the company an additional year or more. He is to get options to buy 300,000 shares at the current price of \$28 a share after three years and 100,000 after four years.

In the past Mr. Iacocca had suggested that he might retire after the \$1.2 billion in government-guaranteed loans that saved the company from bankruptcy in 1979 and 1980 had been repaid. Lately, however, he has been saying he enjoys his job now that Chrysler's fortunes have improved. The loans were paid off this year, seven years before coming due.

Also Thursday, Chrysler reorganized its car- and truck-development divisions into a new unit that Mr. Iacocca said would provide more cost controls. In other action, the automaker said it would begin buying back an unspecified number of shares of its \$2.75 preferred stock. (NYT; UPI)

U.S. Money-Fund Assets Off, Yields Up

NEW YORK (UPI) — Assets of U.S. money-market mutual funds were down \$217 million in the latest week to a revised \$165.62 billion. Money-fund yields rose, and were eight basis points, or hundreds of percentage points, more than competing bank accounts.

The Investment Company Institute, a Washington-based industry group, said a \$262-million rise in general-purpose funds was offset by a decline of \$111 million and \$168 million, respectively, in brokerage and institution-only funds. The institute revised the previous week's drop to \$494 million because a new \$86.2-million brokerage fund was late reporting.

The Dodge Organization said average seven-day yields on money-market funds rose to 8.55 percent from 8.49 percent last week. The company attributed the rise to a jump in rates on repurchase agreements, short-term certificates issued mostly by financial firms using Treasury issues as collateral. Thirty-day yields were unchanged at 8.53 percent.

Ford U.K. Workers Accept 7.7% Rise

LONDON (Reuters) — Ford Motor Co.'s British subsidiary said Friday that union leaders representing 44,500 workers had accepted a 7.7-percent pay offer from the company.

Industry sources had predicted acceptance following the split vote among Ford workers on a union call to reject the offer and strike starting Jan. 3. About 24,000 workers voted against the offer and 18,000 to accept it, but the 24 Ford plants in Britain voted 13 to 10 to accept, with one unresolved. Ford unions traditionally accept the plant vote.

Dissident Holders Win Control of GAF

NEW YORK (NYT) — A dissident shareholder group led by Samuel J. Heyman has won the bitter contest for control of GAF Corp., after a three-judge federal appeals panel unanimously overturned a lower court decision calling for a new shareholder vote.

Mr. Heyman, a Connecticut real estate developer, and his slate of directors won 58.3 percent of the vote cast at GAF's annual meeting last April. But he was denied victory in June when a U.S. District Court judge ordered another vote because Mr. Heyman, who was being sued by his sister over his administration of a family trust, had not divulged information related to that suit that might affect the ownership of GAF stock.

On Thursday, the 2d U.S. Circuit Court of Appeals in New York ruled that, "presented with a clear choice, the shareholders voted decisively in favor of the insurgent slate." Given this resounding mandate, the court said, it was inconceivable that fuller disclosure of the family lawsuit would have had a significant effect on the voting.

EC Resists China's Demand on Textiles

BRUSSELS (Reuters) — Official sources said Friday that after almost three weeks of intensive talks the European Community appeared to be standing firm against pressure from China for a large increase in its textile exports to the EC.

A Chinese delegation came to Brussels on Nov. 21 urging increases averaging well above 20 percent for its textile and clothing exports when a five-year pact runs out at the end of the year, the sources said. But the community, whose domestic producers already face stiff competition from imports, wants average increases kept below 10 percent, they added.

Although no breakthrough is in sight, the talks are expected to continue for a fourth week, the sources said.

Stenhouse Opposes Bid From Affiliate

LONDON (Reuters) — Stenhouse Holdings Plc. is recommending that shareholders reject the merger offer from its Canadian affiliate, Reed Stenhouse Cos. Ltd., the company said in a statement Friday.

Stenhouse Holdings said its shareholders would receive 63,000 fewer shares in Reed Stenhouse than Stenhouse Holdings now has. Other Stenhouse Holdings assets would be virtually given away, the company maintained.

The terms proposed by Reed Stenhouse consist of one Reed Stenhouse class C share and 20 pence in cash plus one Stenhouse Holdings new dividend share for every five existing Stenhouse Holdings ordinary shares. The offer, announced in mid-November, valued Stenhouse Holdings at about £53 million (\$76.3 million).

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Currency Demand Reverses Earlier Flight from Dollar

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Among these centers, Frankfurt clearly stands out when it comes to finance and investment. Frankfurt is the home of the Bundesbank, Germany's largest stock exchange, over 150 German financial institutions.

Panel Tells Allianz To Clarify Its Aims On Eagle Star Bid

Reuters

LONDON — The Monopolies Commission has told Allianz Versicherungen AG that it must clarify its Eagle Star Holdings PLC bid intentions next week, though no specific final date for a statement has been set, a panel spokesman said Friday.

Market sources said Allianz and its financial advisers, Morgan Grenfell & Co., appeared to have broken new ground in the interpretation of the London takeover code earlier this week.

The takeover panel had asked Allianz to state its bid plans by the start of business on Dec. 5.

Allianz said it would improve on the 660 pence (\$9.30) a share competing bid from BAT Industries PLC after holding talks with Eagle Star, but did not specify a figure.

The panel said it was satisfied with this statement.

Bassett May Sell Subsidiary

Reuters

LONDON — Bassett Foods announced Friday that it is holding negotiations with an unidentified party on the possible sale of its Barratts Sweets subsidiary in Australia.

The Paris dealer also said almost all of its contacts in the United States and Europe are predicting a strong dollar well into 1984.

"When we hit 2.74 marks people thought we had hit a high, but an aggressive borrowing in Eurodollars pushed rates so high that it went on skyward," a New York bank dealer said.

Even a \$2.1-billion drop in money supply failed to cause more than a modest loss in the dollar's value late Friday.

In London, the British pound fell to \$1.4355, down from \$1.4415. In New York it was at \$1.4360, down from \$1.4370 Thursday.

Mattel Inc. Posts**\$46.3-Million Loss**

United Press International

HAWTHORNE, California — Mattel Inc., suffering from heavy losses from its electronics division and burdensome bank debt, reported Friday a net loss of \$46.3 million on \$329.6 million in sales for its third quarter.

The company predicted a substantial loss for the fiscal year, ending Jan. 28, and said it might sell one or more of its operating subsidiaries.

The loss represented \$2.61 a share for the third quarter, which ended Oct. 29, and \$12.39 a share for the nine months, on sales of \$754 million and a net loss of \$222.8 million for the three quarters. The company's net sales for the nine months were \$1.1 billion with net income of \$62.6 million and earnings of \$2.83 a share.

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Some straight talk about Frankfurt and business media in Germany.**IMF Said to Have Pledges For Brazil Export Credits**

By Alan Wheatley
Reuters

NEW YORK — Jacques de Larosière, managing director of the International Monetary Fund, has assured banks that governments have committed themselves to providing \$2.5 billion in export credits to Brazil, banking sources said Friday.

The sources were unable to provide a breakdown of how many governments were participating in the package or how much each was providing.

Government sources in London said Thursday that Britain was still not planning to join the package, contrary to a press report in São Paulo.

"De Larosière feels he's got the money lined up," the banker said.

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"De Larosière feels he's got the money lined up," the banker said.

Under an agreement worked out during the IMF's annual conference in September, notification by Mr. de Larosière that governments have provided the \$2.5 billion is a condition of the disbursement of a \$6.5-billion commercial bank loan to Brazil.

So far only Washington has publicly committed itself to the \$2.5-billion package, pledging \$1.5-billion.

Disbursement of \$1.8 billion of an earlier, \$4.4-billion commercial bank loan was suspended in May after Brazil failed to meet the IMF's economic performance targets, bankers noted. Brazil agreed on a revised program with the IMF last month, and banking sources said Brazilian officials and lawyers were now in New York to arrange for the \$1.8 billion to be disbursed Dec. 12.

The Financial Times in Great Britain, the Neue Zürcher Zeitung in Switzerland, and the Nikkei Keizai Shimbun in Japan.

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TransCanada Resisting Offer From Bell Canada

By Douglas Martin
New York Times Service

TORONTO — Bell Canada executives, which restructured earlier this year to reach beyond its traditional utility roots, have generated considerable investor interest in recent months. It is now causing even more interest by trying to capture Canada's biggest pipeline company.

Montreal-based Bell announced this week that it had agreed to pay 167 million Canadian dollars (\$134.2 million), or \$1.50 dollars a share, to acquire the 11.8-percent interest in TransCanada Pipelines Ltd. that is held by Dome Canada. It immediately offered the same price for all of TransCanada's 45 million shares, or an indicated 1.42 billion dollars.

Bell has stressed that it does not want to acquire all of TransCanada, although it is willing to do so. Nonetheless, TransCanada is nervous enough to resist vigorously and has termed the offer "not fair and equitable" from a financial point of view."

The battle, one of the biggest in recent Canadian corporate history, would be equivalent to American Telephone & Telegraph Co. trying to buy part of Temecoa Inc., which owns the largest pipeline company in the United States.

To coax shareholders to remain aboard, TransCanada, which owns 6,200 miles (9,920 kilometers) of natural-gas pipeline stretching from Alberta to Montreal, is offering shareholders a dividend increase of 13 Canadian cents a share, to 48 cents, and proposing a 2-for-1 stock split.

"It's the money," John Zinderman, a company spokesman, said. "We think it's too low."

Analysts say the pipeline company's negative response also reflects an unwillingness to lose control of the company. "They don't want anybody buying a big chunk of them and telling them what to do," said Laird Grantham, an analyst with the Toronto securities firm of

IBM Official Expects Faster Growth in '84

By Michael Blumstein
New York Times Service

NEW YORK — An official of International Business Machines Corp. has told securities analysts that revenue growth in 1984 will exceed the 14.5-percent pace of recent years, suggesting strong profits.

If Bell were to acquire all of TransCanada, it would displace Canadian Pacific Ltd. as the biggest company in the nation in terms of assets and would be the second biggest in sales, behind Canadian Pacific. A combined Bell-TransCanada would have generated 11.9 billion dollars in sales last year on assets of 18.1 billion dollars, versus Canadian Pacific's 12.3 billion dollars in sales and 17.3 billion dollars in assets.

"Bell can't lose," said an analyst who asked not to be identified. Whatever amount of TransCanada it ends up with will fit its earnings; the higher dividends it will receive are almost as profitable as holding cash, and if another company steps in with a higher bid, Bell might make a significant profit, the analyst said.

Mr. Grantham also dismissed criticism by U.S. analysts that Bell Canada should have expanded into high-technology, unregulated businesses where potential returns are greater.

In a letter to shareholders, TransCanada's board and its directors and senior managers would not tender their shares to Bell. The board said its financial adviser had found that premiums paid in virtually all takeover bids that they reviewed "significantly exceeded" Bell's offer.

Bell says its offer "was a premium over market" and that Dome Canada "thought it was a reasonable offer," according to a Bell spokesman, David Orr. He said: "All we have done is make a secondary offer to interested shareholders; our offer stands."

Airlines Try To Adjust

(Continued from Page 13)

Braniff and Alitalia, have gone under, the victims of too rapid and too costly expansion in highly competitive markets.

For those carriers that have hung on, the competition has forced a broad re-examination of fares and flight schedules. And most of the older, bigger airlines have at the same time strengthened their hub systems, channeling more traffic, and hence more connecting flights, through airports where they have a competitive edge.

But more important, deregulation has touched off a serious wave of labor cost-cutting, with the old-line carriers wringing concessions from their unions in an attempt to match the rock-bottom operating costs that have allowed the discount carriers to exist.

"What deregulation has done is taken the veil off management and exposed the strengths and weaknesses of the various strategies," said Michael E. Levine, president and chief executive of New York Air.

However, Mr. Levine, other airline executives, analysts and economists say it is difficult to isolate the effects of deregulation from the impact of other economic events of the last five years, such as the recession, soaring interest rates and a tripling in the price of jet fuel.

Opponents of deregulation are fond of pointing out that the major carriers lost \$1.2 billion in the years since they have been deregulated.

But Julius Maldouis, an airline analyst for Salomon Brothers, notes that one could also make the argument that "even without deregulation, the industry's financial problems would probably have been just as severe."

He contends, for instance, that for the last five years the industry has suffered from about 20-percent overcapacity because it went on a binge of buying jumbo jets in the 1970s expecting that its strong traffic growth would continue. Instead, that growth, which peaked in 1979 with 317 million paying passengers, dropped sharply. In 1980, there were 297 million paying passengers, then 285 million in 1981. There was a slight recovery in 1982, to 293 million.

At the same time, the industry did little to reduce the number of planes it was flying.

In an effort to fill those empty seats the industry resorted to heavy discounting.

The analysts and executives agree, however, that deregulation did accelerate the trend toward discount fares. As new carriers began flying in key markets across the United States, their main strategy for attracting customers was lower fares. And the result was often bitter fare wars.

But even after five years, the 14 new carriers that are commonly acknowledged as the products of deregulation are carrying only 2.4 percent of the total traffic, according to a recent analysis made by the Air Transport Association, the trade group.

That number, however, may underestimate the market impact of the new carriers. "Though they are only 2.4 percent of the domestic marketplace," said C.E. Meyer Jr., president and chief executive of IWA, "they participate in almost one-third of the routes. By doing so they set the fare standard and the other carriers have to adapt to that."

CBS Pulls Out of U.S. Group Offering Cable TV Services to U.K.

By Kathryn Harris
Los Angeles Times Service

HOLLYWOOD — In yet another retreat from cable television, CBS Inc. says it has pulled out of a six-month-old agreement with Columbia Pictures Industries Inc., Home Box Office Inc. and 20th Century-Fox Film Corp. to offer cable-programming services to the United Kingdom and other countries.

CBS decided late last week that foreign pay-TV ventures did not fit in with the company's business plan, according to CBS Broadcast Group's vice president, George Schweitzer.

"As a broadcaster, we have different priorities than the studios do," he said Thursday, adding that the CBS withdrawal is "no knock at all on the venture," and "involves no strain at all" between CBS and the three other American companies — each of which is participating with CBS in other businesses.

The Home Box Office president, Frank Blodt Jr., said that he was not sure whether a new partner would be sought to replace CBS, or whether the remaining partners would divide the CBS stake.

CBS last year formed a new motion picture company, called TriStar Pictures, with HBO, a unit of Time Inc., and Columbia Pictures, a subsidiary of Coca-Cola Co.

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SPORTS

Wilander Upsets McEnroe in Australia

Swede, Winner in 4 Sets, Advances to Final Against Lendl

Compiled by Our Staff From Dispatches

MELBOURNE — Mats Wilander upset John McEnroe in four sets Friday to advance to the finals of the Australian Open tennis tournament. He will meet Ivan Lendl, the No. 1 seed, who beat Tim Mayotte in a three-set semifinal.

Wilander outclassed McEnroe, 4-6, 6-3, 6-4, 6-3. The 19-year-old Swede's tactics were effective as he kept McEnroe pegged to the baseline with lobs and two-fisted backhand returns. McEnroe's inability to escape from the back of the court was his downfall.

It was the first time the two champions had met on grass. This year Wilander has defeated McEnroe in clay at the French Open and in straight sets on cement in Cincinnati.

McEnroe, who fell into a string of unforced errors on his normally reliable volleys when he did make it to the net, could not match Wilander's cool, methodical play Friday.

The American made no excuse for his defeat. "He taught me a lesson," McEnroe said. "It looks like there's a new guy on the scene. You just can't take it easy with

anyone when you are No. 1. I had the same problems with Borg and Lendl and I fixed that up, but after today I don't know if I deserve to be No. 1. Maybe there will be a John No. 1 now."

Wilander entered the Melbourne tournament, the final leg of the tennis grand slam, to get grass-court practice for Sweden's challenge to Australia in the Davis Cup final Dec. 26.

He said that Friday's victory was one of the most satisfying of his career. "I enjoyed the game, but I am surprised he missed so many returns," he said. "The pressure was all on McEnroe. There wasn't much on me, but I think I played well."

After taking the first set, McEnroe dropped his first two services in the second to trail, 4-0. "Volley, can't you, volley," McEnroe screamed to himself as he punched a vital shot into the net when he had Wilander in his mercy.

Lendl said he was "surprised and impressed" with Wilander's play. "I never thought he could ever beat McEnroe on grass," he said.

Lendl had an easier time against Mayotte in a 6-1, 7-6, 6-3 victory.

Navratilova, president of the Women's Tennis Association for 1982-83, said prize money at the three events is only a small percentage of gate receipts.

"The prize money at Wimbledon and the U.S. Open is pathetic," she said Thursday. "Compared to what they make on the circuit, the players are just pulling in nothing, next to nothing."

Asked what the players could do about the problem, she replied, "Don't play. Very simple."

Prize money at Wimbledon this year was more than \$1 million, with \$112,500 to the men's singles champion and \$101,400 to the women's winner. The U.S. Open offered a total of \$2 million, with \$120,000 each for the men's and women's singles champions. The French Open had a first prize of \$90,000 for men and \$40,000 for women.

In Wimbleton, England, Chris Corrigan, chief executive of the All England Club, said of Navratilova's comments: "I'm staggered. We put up our prize money by 64 percent this year and by 80 percent in 1982. I wish my salary went up by that amount."

■ Boycott Threat Over Money

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Lendl and Wilander have divided six previous meetings but have not faced each other on grass.

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ACROSS

1 Bang or ramble
5 Soapstone
9 One-third of ML
13 Card for Carmen
16 Mrs... in Kirghiz
19 Madish genus
20 Nimbus
21 "Louisa," 1931 song
22 Zest
23 Laundry role
24 Plunger becomes embittered
26 Singapore—
28 do cafe (cup of coffee, in Chambery)
30 Feeling odium
32 Disciple becomes master
34 Come in, come ca
35 Port on the IJsselmeer
36 Surgical instrument
38 Tohobohu
40 Volatile chemical compound
43 Contemplating
46 Early publication becomes late one
48 Novelist, Deighton

ACROSS

50 Turkish chieftain
51 Works on a horse
53 Medieval verses
55 —Tafari (Helle Selassie)
56 Girl's name
57 Koko notes
58 Where two dozen marls wound up
62 Anglers' boats become their spoils
63 Cardboard bx.
64 Cryptographers
65 ... of troubles: Hamlet
66 Flashy act becomes notorious one
71 Ideas, "1961 song
73 Performer becomes nonperformer
76 C.I. cops
77 Excite
80 Easternmost Great Lakes
81 Witty saying
83 Soup made with oka pods
88 Dallas campus letters
89 City Inside Houston

ACROSS

89 Indian for 90 Cough: Sp., 01 Dec. 24, 1983
94 Columnist becomes columnist
96 Certain rear seats
98 Henchman
100 Main St. brightener
102 Cotton-mill employee
103 Moreover
104 Famous nom de plume
107 One ballplayer becomes four
110 Electrical-circuit devices
113 Prefix with code
114 Utensil for boiling
117 Fashion becomes musician
118 Sans (matchless)
121 Ski resort in Colo.
122 Tailward
123 Coxswain's command
124 Red Sox second sacker
125 U.S. sky eye
126 Three-striped, familiarly
127 Four or dog drivers
129 Montand from Monsunmano
129 Word from Gromyko

DOWN

12 Interviews
13 Mah-jongg counter
14 Luckday!

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34 Cat man's requisite
36 Skier's uphill assister
37 Hindu musical form
39 Neptune or Pluto
41 Language branch including Sanskrit
42 Combiner meaning "comb"
43 Abbrev. re engs, etc.
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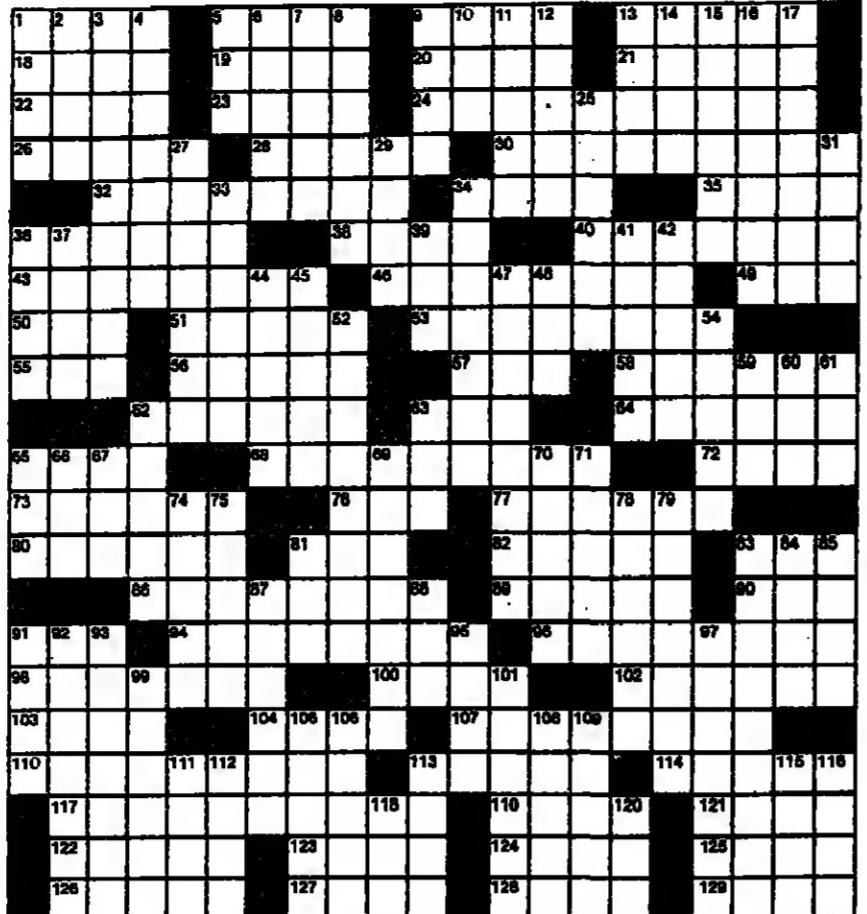
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Take It From the Top

Bert Rosenfield



PEANUTS

Gentlemen,

Enclosed please find the manuscript of my new novel.

HERE, YOU JUST GOT A LETTER

Dear Contributor,
Already we hate it.

BLONDIE

I'VE GOT A MAD CRAVING FOR APPLES AND PEANUT BUTTER

AND WE DON'T HAVE ANY PEANUT BUTTER

WHY DON'T YOU BACK TO SLEEP AND GET A MAD CRAVING FOR SOMETHING ELSE?

BEETLE BAILEY

BOY, THIS TAKES ME BACK TO THE 50'S

HERES A GUY WHO'S SWING

HE WANTS EACH TEAM TO HAVE AT LEAST ONE WHITE GUY

ANDY CAPP

SHE STILL WON'T LOOK AT ME

MAYBE I SHOULD TRY AN INDIRECT APPROACH—LIKE CHATTING FIRST

TO HER MUM OR DAD

WIZARD OF ID

I NEED A LEFT ARM...A RIGHT EYE...AND A NECK ELECTRODE FOR A '31 CADAVER

IF YOU CAN, YOU'VE NOT ONLY SAVED MY JOB, YOU'VE SAVED MY LIFE

MY NAME'S JAY. I WHAT'S YOURS?

REX MORGAN

DO YOU WORK HERE? DO YOU KNOW ANYTHING ABOUT THEIR FILING SYSTEM?

A LITTLE, PERHAPS I CAN HELP YOU GET IT STRAIGHTENED OUT

PAUL LET'S TAKE THESE DOWN TO THE FILE ROOM

GARFIELD

LIVE AND LET LIVE, I SAY

I'M GOING TO GET YOU

I'M GOING TO GET YOU

Other Markets

Dec. 9 Closing Prices in local currencies

Dec. 9

	Class	Prev.	Class	Prev.	Class	Prev.

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